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RURAL ECONOMIC CONDITIONS
IN KOREA.

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To Youn Kim.

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MAP OF KOREA (CHOSEN)



TABLE OF CONTENTS

	Page
Preface	iii
Chapter I.	
Land and Climate	1
Chapter II	
The Korean People	28
Chapter III	
Agricultural Industry	54
Chapter IV	
Ownership and Tenancy	94
Chapter V	
Agricultural Credit Organizations	121
Chapter VI	
Taxation of Land	150
Chapter VII	
Rural Market Conditions	172
Chapter VIII	
Rural Communities and Organizations	201

TABLE OF CONTENTS
(Continued).

	Page
Summary and Conclusion	221
Appendices	
I - Table of Weights and Measures in Korean and in English	234
II - Bibliography	236
Vita	245

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PREFACE.

Though agriculture is Korea's oldest and by far her most important industry, the field is still awaiting an enthusiastic pioneer who will devote his energies to discovering what particular scientific methods will be adaptable to the improvement of present conditions. Such a man would be of untold value to the majority of the farmers, who make up eighty-one percent of the population. Such a discovery would open a new life for them - give them new courage - to push on toward profit and freedom. Not only would such a mind be of value to Korea, but it would also help in solving similar problems in other parts of the world.

Professor William E. Griffis, author of "Korea, the Hermit Nation", acknowledged that "The first notice of Korea in western books or writings occurs in the works of Khordadbeh, an Arab geographer of the ninth century". Korea was not a hermit nation in ancient days because she

had trade with Arabian and Persian merchants. However after the fourteenth century she really closed her doors to foreign nations, except China and Japan. For this reason her main industry - agriculture - developed itself without the influence of others. Therefore she has lived for forty centuries as an agricultural nation, but improvement in methods, especially with reference to adapting herself to new mechanical and scientific devices, is far behind other countries such as America and Europe. However when she awoke to her slowness in this matter she became anxious to improve and will never be satisfied to remain in her backward state. The agricultural industry is now going through a period of transition from the primitive to the new scientific farming which will be profitable to her.

The agricultural problem is the main economic issue in Korea because the majority of her people live by this industry. It is in need of many reforms, for example, better production methods, better mar-

v

keting, better conditions of land tenure, a more reasonable credit system, and a more equitable distribution of wealth, in which the farmers may share in the national prosperity and have a more satisfactory life. Korean leaders who have seen these needs have started things moving by several different methods, but the enterprise is still in the formative stage.

The work presented here is a description of existing rural conditions from a critical standpoint. However the main object is to show the adverse conditions under which the small farmer exists, and the unfair manner in which he is made to suffer in economic poverty. In this discussion three points will be emphasized: - the question of land tenure, agricultural credit, and the land tax system. These are direct, though by no means the only, causes responsible for the miserable conditions under which the farmers live. It can not be denied that social habits, built up by environment, are also a big factor.

More particularly are they important since the present political regime finds it advantageous to exploit them rather than to improve them or protect and enlighten these bound by them.

The author has had great difficulty in collecting material which would bring out the main point of his theme and convincingly develop his ideas on the subject. Government publications and English works on Korea have been the primary sources consulted. The former are entirely too enthusiastic over the so-called improvement in economic conditions and the progress of the administration since the Japanese annexation to be reliable as to facts and figures. The latter are short, superficial descriptions of many problems, and offer little that might aid in a research as to real historical facts or statistics. Therefore the arrangement and analysis of facts, and the construction of the theme are entirely the effort of the writer.

The author desires to acknowledge his indebtedness to Dr. Knute E. Carlson, who has given valuable assistance by his suggestions and continued interest in the work. He also wishes to thank Dr. W. M. W. Splawn, Dean of the Graduate School, Dr. John H. Gray, and Dr. Frank W. Collier, who encouraged and stimulated the writer in his task. Finally he extends thanks to Dr. H. B. Drury who gave him the courage to choose this subject for a thesis, and many other friends for their kindness in furnishing data and original material.

CHAPTER I.

Land and Climate.

Geographical Position.

Korea, the land of morning calm, lies in the heart of the Far East, being a peninsula which extends from the extreme eastern part of the Asiatic continent down between the Yellow Sea and the Sea of Japan. To the northwest Korea is bounded by Manchuria, and her most northern point touches Siberia. Her position is from $33^{\circ} 12'$ to $43^{\circ} 02'$ North Latitude, and from $124^{\circ} 18'$ to $130^{\circ} 54'$ East Longitude. The total area of the Korean peninsula is 84,000 square miles, exclusive of the countless islands by her side, which bring the total area up to 90,000 square miles. This is, roughly speaking, about the size of the states of New York and Pennsylvania combined, or about as large as the mainland of Japan. In length, Korea is approximately 663 miles, and her average width is 130 miles.¹

Korea's geographic situation is most fortunate from an economic point of view. She has easy access to China,

1. Henry Chung: The Case of Korea, P. 25.

Manchuria and Siberia, which are promising markets. She lies about equi-distant from China and Japan, a voyage of only 122 miles from the nearest points, now accomplished in less than ten hours. In addition to this, there is the continental outlet, by rail, through Asia to the European markets. In this way Korea is enabled to reach out in all directions, which is the greatest advantage any country can boast.

There are thirteen administrative divisions in Korea at the present time. From north to south, they are as follows:

1. North Hamkyung Province, having 16 counties or districts.
2. South Hamkyung Province, " 16 " " "
3. North Pyungan Province, " 19 " " "
4. South Pyungan Province, " 14 " " "
5. Whanghai Province, " 17 " " "
6. Kyungki Province, " 20 " " "
7. Kangwan Province, " 21 " " "
8. North Choongchung Province, " 10 " " "
9. South Choongchung Province, " 14 " " "
10. North Kyungsang Province, " 23 " " "
11. South Kyungsang Province, " 19 " " "
12. North Chunla Province, " 14 " " "
13. South Chunla Province, " 22 " " "

Topography.

The country is preeminately mountainous, especially in the north. At first glance Korea appears to be all mountains, and, in fact, they cover five-sixths of her territory. In the north there are mountain groups with definite centers, the most remarkable being the Paik Tu San (White-Head Mountain), which lies on the boundary between Korea and Manchuria. The highest peak of the Paik Tu San is over eight thousand feet and was regarded as sacred in ancient times. The principal range rises on the Russian border, in the extreme north, and extends along the eastern coast until it reaches the southern point of the peninsula, where it is lost in the sea. The backbone of the mountain system is near the east coast. The eastern division is a comparatively narrow strip between the range and the Sea of Japan, difficult of access, but extremely fertile; while the western section is composed of rugged, sloping hills that are admirably suited to agriculture. These slopes are dotted with innumerable prosperous villages. Only a scant fourth of the land in the west has an altitude of less than one hundred meters (330 feet). In the north only fourteen percent of the area is as low and level as this. More than half of the northern part - but only one-fifth of the remaining peninsula - is five hundred meters or more above sea

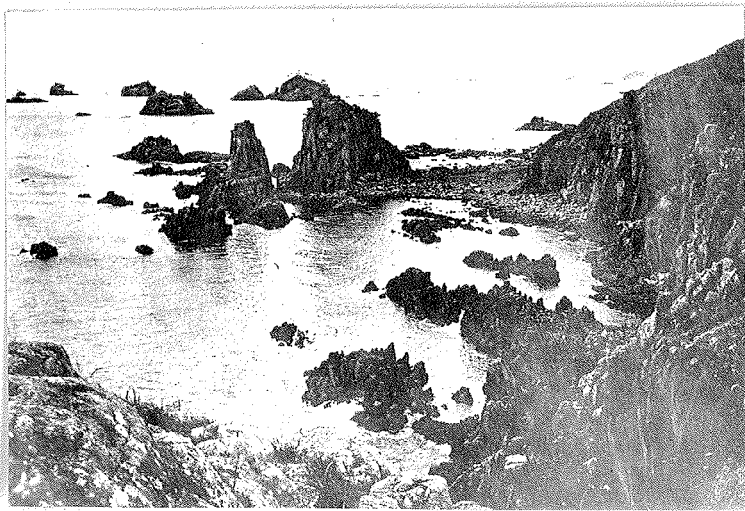
level.¹

Kinkangsan or Diamond Mountain: This mountain is situated in Kangwan Province, near the east coast, and is a part of the great mountain range forming the backbone of the peninsula. The mountain consists of a cluster of countless rocky peaks reputed to number "twelve thousand". All the peaks are very rugged and fantastic in form, making it a sight at once unique and wonderful. The most beautiful points are, first the western side, facing inland, called Naikimkang, or Inner Kimkang; the second is the eastern side looking toward the sea, and known as Waikimkang, or Outer Kimkang. An English visitor, Mrs. Isabel Bird Bishop, once said of this view, "Surely the beauty of that eleven miles is not much exceeded anywhere on earth."²

This mountain was once the center of Buddhism in Korea, and the temples and cloisters there, it is said, numbered as many as a hundred in the height of their glory. The best season for visiting the mountain is mid-autumn, for then the mountain is covered with varieties of maple, pale pink azalea, and yellow clementine, interspersed with a few distorted pines

1. Edmund de Brunner: Rural Korea, pp. 12-13.

2. Isabel Bird Bishop: Korea and Her Neighbors, p.134.



Views of the Diamond Mountains.

and primulas and lilies of the valley covering the mossy ground.

Rivers: The principal rivers of Korea are the Apnok, or Yalu, the Tuman, Taitong, Han, and Naktong. The country is, as has been said, mainly mountainous with a rugged chain running parallel to the eastern coast. On the east the slope is always steep, often abrupt, and sometimes precipitous, hence the streams are short, shallow, and rapid and the coastal plain is a mere fringe. Higher up this range the mountains slope more gradually, forming hills and undulating fertile plains, which are watered by large rivers.

The Tuman River: This river was used in determining the boundary between Korea and Siberia. The river rises from the eastern side of Mt. Paik Tu San on the northern frontier, receives a few small streams, then empties into the Gulf of Peter the Great, in the Sea of Japan. The total length of the river is about three hundred miles. This river is not important as a means of transportation.

The Apnok or Yalu River: This river is the boundary between China and Korea. It rises on the western slope of Mt. Paik Tu San, which is situated in North Hamkyung Province, and

empties into the Yellow Sea, combining the streams which come from Manchuria. The length of the river is about five hundred miles, one-half of it being navigable with junks. Steamers of a thousand tons can travel up-stream for a distance of thirty miles at high tide. Along the upper course there is a forest, the largest and most important in Korea, and the Yalu River plays an important part in transporting the timber cut there, and sent by means of rafts, to the lumber yards at Shinwicheu or Antung.

The Taitong River: A little south of the Yalu is the next river of importance - The Taitong. Pyungyang, the largest city in northern Korea, and the center of commercial and industrial activities in the west, is located on this river. It rises in the Langrim range on the boundary between Pyungan and Hamkyung Provinces, and empties into the Yellow Sea. Chinnampo, located near the mouth, is the largest trading port in western Korea. The river is more than three hundred miles long and is navigable for half that distance. It is very important to western Korea.

The Han River: The Han is most important in that it furnishes transportation across the two provinces of Kyungki and Kangwan in the central part of Korea. It rises in the Diamond Mountain,

crosses the whole peninsula, and passes the capital city, Seoul, which is situated about in the middle of the peninsula near the western coast. The length of the Han is three hundred miles, and it is navigable for two-thirds of this length. In the winter it affords a pleasant skating grounds, while in summer it attracts many fishermen.

The Nakdong River: This is the only large river in the southeastern section. Its three hundred miles links the two provinces of North and South Kyungsang. Along its banks are many fields good for cultivation, so it becomes very important both for irrigation and transportation. Taiku, the metropolis of the south, is located on the upper part of the Nakdong River.

Lands

To picture Korea, one must imagine a perfect blending of simplicity and grandeur. The magnificence of nature's handiwork is unsurpassed. Rugged, precipitous mountains, gloriously ablaze with gay blossoms, rise upward until they become one with the calm blue skies. The glory of the hills is certainly here; nor is there any lack of wealth, for

these same hills are rich in minerals, as has been pointed out before. The weather is calm, the air lucid, and there is a "peace which passeth understanding". Among these natural temples of dignity, are the quiet farms, here and there, wherever there is enough level ground to till; and in the larger spots, undisturbed by the wars and bickerings of neighboring lands, are snug little villages, content in their mountain nests.

Arable land: Where so many mountains appear, there are naturally no large plains. The arable stratum is shallow, poor in organic matter and not particularly fertile. The land is made up of a decomposition of rock, mostly granite and tachyte, with a frequent occurrence of clay-slate and basalt, and it bears the natural hue of the mother rock. Nevertheless, there is sufficient soil for the Korean to produce enough foodstuffs for himself and leave some for export. A great variety of agricultural products is raised, due to the differences in the climate and soil between the north and the south. Koreans insist on growing their own supplies regardless of the fact that they might do better by an exchange. For instance, as much cotton is raised in the north as in the south; whereas the northern climate would produce wheat that would more than buy the cotton needed.

The area of arable lands is about 11,101,309 acres, or approximately twenty percent of the total area. Sixty percent of this lies within the eight southern provinces although they cover only forty-five percent of the total. The other five provinces, including the extremely mountainous Kangwan, hold only forty percent of the arable land, but fifty-five percent of the total and thirty percent of the population. One-third of the land is in paddy fields. In the south their number is equal to the dry fields; in the north they number about one to five dry fields. Government reports in 1926 showed that there were 3,857,689.7 acres in paddy fields (land under water during rice cultivation) and 6,873,503.6 acres in dry fields in Korea.

Today an effort is being made to increase the arable land by reclamation of waste lands. The exact extent of uncultivated soil has not been determined, but it has been estimated that there are 181,347.4 acres along the rivers, 507,282.5 acres along the beaches, and 1,960,512 acres on the mountain slopes. Most of this is owned by the State. In 1907 this land was offered on lease to any who would reclaim it. In 1917 the governor-general of Chosen issued a new regulation

to encourage reclamation, and in 1920 the government went still further and offered subsidies ranging from twenty to thirty percent of the expense of irrigation. This proved a big stimulation to land improvement. Speculators, largely Japanese investors and corporations, under the regulation of the Water Utilizing Association, took subsidies from the government and borrowed the necessary capital from the Oriental Company or the Industrial Bank of Chosen. These two institutions have a special interest in the work and offer this money at very low rates. By the end of 1926 there were seventy-one associations working over an area of 216,881.6 acres, while twelve others were engaged in working 113,220 acres. In 1925 only one-fourth of the unimproved land had been reclaimed. There is still an area of 544,042 acres marked off for improvement.¹

Forest land: Seventy-one percent of the entire peninsula is mountainous. About 38,916,163 acres are considered forest land, but only one-third of this area, about 13,429,607 acres, is covered with big trees offering usable timber, and the remaining two-thirds is but thinly wooded or entirely denuded. Of this last portion, about 17,840,659 acres

1. Annual Report of Chosen, 1926-27, p. 72.

will be afforestable, but the remaining 7,646,000 acres are useless.¹

For many years the forests of Korea were neglected and a great loss of good timber has resulted. Reforestation is doing much for the preservation of the wood and timber supply of the future. The first attempt was in 1907, on the hills near Kyungsung and Pyungyang cities. According to report in 1926, it was estimated that 270,000,000 trees were planted over an area of 771,462 acres, of previously denuded land. In 1908 a new law was passed for the purpose of conserving the existing forests as well as those of the future; in fact, embracing the disposal of the entire woodland of the country. Under this new system the state may lease any forest land, not reserved, to individuals for reforestation. If the lessee is successful the land will automatically become his property. In this way the forest lands of Korea will largely be transferred to Japanese hands.

There are three forests worthy of special mention: first, the Yalu forest, which lies along the heads of the Yalu and Tuman rivers; second, that which lies on the Chiri range; and third, one which is on the Island of Quelpart.

1. Economic Condition of Korea, Published by Bureau of Industry of Chosen, 1926. P. 95.

Of these the Yalu is the most important. That part along the Yalu River has been estimated at 4,119,526 acres, holding 2,879,720,000 feet of timber. Timber felled in this region is rafted down the Yalu River, some four hundred miles, to the mouth. The annual sale of timber ranges from 1,000,000 to 1,500,000 yen.¹

Due to differences in climate and soil between the north and south, there is a wide variety of growth. In the north are found the spruce, birch, larch, and other species peculiar to a cold climate; while in the central and southern parts are found such as the red and black pine, oak, alder and bamboo.

Pasture land: Pastures are necessary for the purpose of raising domestic animals. A large area of waste land and many islands along the coast were set aside for the grazing of cattle and horses. Recently the area of pasture land has decreased, due to the fact that so much of the waste land has been reclaimed. Therefore, a common pasture land has been established through the country. About 735,190 acres are used for pastures, cattle being bred both for beef and for labor. Cows are not milked; indeed, there is very little milk or butter used in the country, and Koreans are unacquainted with the dairy-ing industry.

1. The Industry of Korea, Seoul, 1926. P. 196.

Mineral Resources.

The mountains are rich in minerals. The principal resources are: gold, iron, coal, graphite, copper and tungsten, of which the first four named are most important. The mines are not yet operating to capacity because of the lack of proper transportation. However, the output of minerals increases every year. In 1918 the value rose to its highest peak, about 31,000,000 yen, reflecting the urgent demand and the high prices of the last year of the European war. The next year this figure decreased but rose again and in 1926 it reached 24,130,350 yen, which was an increase of 3,253,396 yen, or five percent over the 1925 figure. The possession of mining operations is divided as follows: seventy-one percent Japanese, sixteen percent Korean and thirteen percent foreigners.¹

Gold: Gold is one of the important mineral resources of Korea. It is mined in all parts of the country, excepting North Hamkyung Province. The highest output on record was 15,623,797 yen in 1916. Many of the gold mines are operated by foreigners. The two largest in the peninsula, the Unsan and the Suan mines, are being operated by American firms. In 1915 the value of gold from these two mines was 5,657,244 yen, or approximately seventy-

1. Economic Conditions of Korea, p.126.

six percent of the total production of that year. The Chicksan mine is next in size, and produces principally gold sand. Before the great war it was not found profitable to operate mines that produced less than three or four parts of pure metal in one hundred thousand parts. However, since that time, due to improvement in smelting equipment and transportation facilities, and the increase in the value of gold, mining operations have increased, and at present it is worth while to operate very small mines producing as little as one part in one hundred thousand parts of ore. It is evident that there will be a further increase in the gold output of Korea.

Iron Ore: Iron ore is another mineral of the country, the total deposit being estimated to amount to thirty million tons.¹ In many parts of the country iron ore is found in great abundance. The largest iron mines are the Charyung and the Unyul mines, located in Whanghai Province. The ore in these mines has between fifty and fifty-five percent iron content. The iron ore mined in 1926 amounted to only 240,000 tons with a value of 1,800,000 yen. However, there will be no difficulty in bringing the annual production up to a million tons carrying a value of seven

1. Ushisaburo Kobayashi: "The Basic Industry and Social History of Japan". P. 157.

million yen. Iron ores are largely for smelting in Korea. There is a large iron foundry at Kyumipe, owned by the Mitsubishi firm, and a considerable amount of ore is smelted in this foundry. About twenty to twenty-five percent of the iron ore is exported to Japan, some to Manchuria, and the remainder is used in the iron industry in Korea. The deposits are plentiful in the peninsula and promise further development.

Coal: On investigation the deposit of coal in Korea is estimated at over a billion tons, including anthracite and bituminous. The country produces an abundance of good anthracite coal in many parts of the peninsula. It is most plentiful in the neighborhood of Pyengyan, along the Taidon River. The veins are about thirty-two miles long and seven and one-half miles wide, and the amount of coal contained is estimated at something like three hundred million tons. Analysis shows that the coal contains volatile matter, seven to twenty percent, coke, seventy to ninety percent, and ash, four to fifteen percent. Since 1922 this coal mine has been under the direction of the Japanese Navy Department, and of the output of the mine, ninety percent is sent to Japan to be used by the navy as a substitute for Cardiff coal.¹

1. Bank of Chosen: Economic History of Chosen, p.139.

This coal is different from that found in the United States, being in large lumps, more like soft coal. In handling these lumps a great deal crumbles off and becomes dust, so that it must be bagged in order to be sold. The dust is mixed with a small quantity of clay and made into balls, the result is an excellent fuel that will burn slowly and almost without smoke.

Many bituminous coal mines have been discovered, especially in the northern part of Korea. The largest coal field has just been found in northern Hamkyung Province. This field consists of five great beds containing huge deposits of coal, estimated by experts to be no less than five hundred millions of tons each. The reason that coal mining was unknown in Korea until lately is the fact that there have been no transportation facilities, and also because the coal is buried in the third stratum and was not apparent to the casual prospector. Not only that, but the brown coal was long thought to be inferior in quality to anthracite. In spite of the fact that Korea boasts such enormous deposits of coal, its mining has been very slow. In 1924 the amount of coal mined was four hundred thousand tons: anthracite, 215,000 tons

and bituminous, 184,000 tons. However, there is no question but that the production of coal will be increased.

Graphite: Graphite is one of the important mineral resources of Korea. There are four different formations of this ore: scaly, fibrous, foliated, and earthy. The first two, which are considered the best, contain over ninety percent of carbon. These are mostly found in the northern part of the peninsula, the principal mines being those at Kesung, Chosen, Changsung, and Sukchu; while the two other varieties, somewhat inferior in quality, are found in the south. During the recent war the Korean graphite was supplied to America. The exportation of graphite reached its peak, of 1,520,000 yen, in 1917. Today this mining of graphite has declined because the demand has decreased.

On the next page is given a table showing the distribution of mineral deposits over the different provinces.¹

1. Bank of Chosen: Economic History of Chosen, Pp. 142-143.

DISTRIBUTION OF MINERAL DEPOSITS

OVER THE

PROVINCES OF KOREA

ORES	LOCATION
Gold and Silver	Kyunki, North and South Choongchung, North and South Chunla, North and South Kyungsang, Whanghai, North and South Pyungan, and South Hamkyung.
Iron	Whanghai, South Pyungan, Kangwan, and North and South Hamkyung.
Coal, anthracite	South Pyungan and Kangwan.
Coal, brown	South Pyungan and North Hamkyung.
Copper	South Kyungsang, and North and South Hamkyung.
Lead and Zinc	North and South Pyungan, and South Hamkyung.
Graphite	North Pyungan, North and South Choong- chung, North Kyungsang, Kangwan, and South Hamkyung.
Pyrites	Whanghai, North Pyungan, and South Hamkyung.

(Continued on Page 19 - - - - -)

DISTRIBUTION OF MINERAL DEPOSITS (Continued from page 18.)

O R E S	L O C A T I O N
Tungsten	Kangwan, and North and South Choongchung.
Chronium	Found with tungsten.
Kaolinite	North Kyungsang.
Siceous Sand	South Chunla.

(Bank of Chosen: Economic History of Chosen, Pp. 142-3.)

Coastline.

Korea has a coastline of 10,725 miles, including the islands, very great in proportion to her area. Her principal mountain range extends along the eastern side, therefore there are no large rivers. The coast is steep and rocky, and the water is deep. The tide rises only one or two feet on this side. Wensan is the most important city, and the chief center of commerce on this coast. It is also one of the best harbors in the east. It is situated one

hundred and fifty miles due north of Seoul, on a beautiful bay which is almost land-locked but sufficiently deep and wide to accomodate the largest steamers.

The western shore is washed, or more correctly speaking, defiled, by the muddy waters of the Yellow Sea, which pours its furious tide of yellow waters upon the shores with such force that it rises to the enormous height of twenty-eight feet. The southern and western coasts are deeply indented and are fringed with countless islands. This part of the coast is entirely different from the eastern shore in that its many islands and bays make numerous excellent harbors, such as Fusan, Kunsan, Mokpo, Chemulpo, and Chinampo. The port of Fusan, in the extreme southeast, is two hundred and eighty miles from Seoul. This port is the oldest and largest in the peninsula and is the door to a channel of traffic between Korea and Japan. Its imports and exports amount to over 241,800,000 yen a year. The chief articles of trade are: rice, soya-bean, seaweed, fish, cattle, hides, and cotton.

Although the western coast affords many harbors and anchorages amid the shelter of the islands, both their

naval and commercial importance is discounted by the severity of the tide. Chinnampo, located at the mouth of the Taitong River, is the largest trading port in western Korea. From this port there is a regular line to China and Japan, besides the coastal service. All Korean ports are free of ice.

It is known that Korean waters harbor at least two hundred different varieties of fish. Nearly eleven thousand miles of coast, at a point where the cold and warm currents meet, bringing stores of fish from both north and south, Korea promises unsurpassed possibilities for the development of the fishing industry. On the east coast, from the Tuman River in the north to Fusan in the south, a distance of about one thousand miles, there are many good fishing grounds. The Sea of Japan, at this point, receives both the cold northern waters and the warm tides from the south seas, each bringing its peculiar species. The waters there are deep and inviting to fish. Sardines, mackerel, herring, ling, and pollack, abound. The ling and pollack are dried and sent to all parts of the country. To the south, from Fusan to Mokpo, there are a number of gulfs and the sea is filled with islands. The mixed current is felt there too. This section is nearer to the markets of Japan and China, and is the center of the

fishing industry. Sea-bream, cod, cybium, plaice, hair-tail (cutlass fish), shrimp, oysters - some of which carry pearls, and many other varieties of fish are caught in this district. Leaving Mokpo and working up the west coast to the Yalu River, the sea is more shallow, not over fifty fathoms. The tidal rise is as high as thirty feet. The warm water fish are not caught in winter here as they are off the eastern shore. The spring, however, brings yellow-tail, horse-mackerel, sea-bream, shark, and others to these waters to spawn. During this season they may be found where the sea is about twenty fathoms deep.

The principal fish caught off Korea's shores are: sardines, guchi, pollack, herring, sawara, sea-bream, mackerel, and cod. In 1926 the value of the catch was 56,224,860 yen. Fishing has been developed and methods improved. Since the Japanese have taken a lively interest in the industry, it has expanded greatly.

The following table shows the increase in the fishing industry between 1924 and 1926:

		<u>Numbers Engaged In Fishing</u>	<u>Value of Catch</u>	
KOREANS---	(1924	313,725	24,828,038	Yen
	(1925	306,810	24,844,035	"
	(1926	327,272	25,888,266	"
JAPANESE--	(1924	76,296	27,169,883	"
	(1925	72,348	26,707,607	"
	(1926	78,896	27,854,601	"
TOTAL----	(1924	390,021	51,997,921	"
	(1925	379,158	51,551,642	"
	(1926	406,168	53,742,867	"

Source: Economic Conditions in Korea, P. 140.

Climate.

The climate of Korea is continental, running from extreme cold to extreme heat, and proves much more agreeable to Americans and Europeans than does that of Japan. The author of "Korea, the Hermit Nation", says, "In general, it may be said to dwellers in the temperate zone, that the climate of Korea is excellent, bracing, in the north, and in the south tempered by the ocean breezes of summer. The winters in the highest latitudes are not more rigorous than in the

state of New York; while they are delightful as those in the Carolinas." ¹ The average degree of temperature in one year runs from 13° Centigrade in the south to 10° C. in the central parts, and to 3° C. or 4° C. in the extreme north.

The eastern coast is much warmer than the western. It is protected by the mountains from the monsoons which sweep the west and it is warmed further by the southern currents which touch its shores. It is much better suited to agriculture. The monsoons are very strong in eastern Asia and the west of Korea feels the influence of this wind. January is the coldest month; July and August, the hottest. The highest temperature reached in Fusan is 35° C., in Seoul, 37° 5' C., and in Choong-Kangchin, 36° 7' C; the lowest points are: Fusan, 14° C., Seoul, 22° 3' C., and Choong-Kangchin, 41° 6' C.

In the winter the country is chilled by the north winds blowing from Manchuria and Siberia, while the summer brings warm winds from the south seas. Winds are uncertain in winter and spring, but this season is generally clear and cold.

1. W. E. Griffis: Korea, the Hermit Nation. Pp. 6-7.

The summer, however, brings clouds heavy with moisture, and is known as the rainy season.

Rainfall: The amount of rainfall in Korea is not great, precipitation running from 800 mm. to 1,000 mm. over half of the peninsula. This is less than that of Japan. The greatest rainfall is felt on the southeastern coast; gradually decreasing toward the northern portion of the country. The section between Fusan and Wosan receives the greatest rainfall, about 1,500 mm. The central part of Korea gets about 1,000 mm. and for the west it ranges from 900 mm. to 1,000 mm. North Hamkyung Province receives the lowest rainfall of all, about 500 mm. a year.

There is little or no rain from October to March, but from then on it works up to a real rainy season during July in the south, and August or September on the east coast. This difference in the rainy seasons is a peculiar characteristic of Korea. The heavy rains come earliest in the neighborhood of Fusan. Here the precipitation is about 1,500 mm. In the regions of Kyungki and Whanghai provinces it runs about 1,300 mm., and about 1,200 mm. in the north of Kangwan Province.

Fog: Korea is famous for her coastal fogs, especially along the southern shore. It seldom goes inland. Beginning in the early spring, for about seventy days, there is a heavy fog that gradually decreases as the summer proceeds.

Snow: The snow season is not certain, but the first snow begins in early September in the north and in November in the other regions. The season is usually over at the end of April in the north, and in March in the other parts of Korea. There is not much rain in winter, the snowfall being about two feet in the north and five inches in the south. The following table shows certain meteorological conditions prevailing within the country:

Climatic Conditions in Korea.

	<u>Fusan.</u>	<u>Seoul.</u>	<u>Choong-Kangchin.</u>
Annual Average Precipitation.	1,427 mm.	1,273 mm.	799 mm.
Number of Days on which the Sun Shines.	258	253	227
Frost	Oct. 10 - Mar. 25	Oct. 15 - Apr. 21	Sep. 24 - May 15
Temperatures (Centigrade)	35° 0' - 14° 0'	37° 5' - 22° 3'	38° 0' - 41° 6'

Source: Statistical Abstract of the Governor-General of Chosen, 1925. Pp. 4-6.

The climatic conditions in Korea have a great influence on her economic development. The most important geographic features are the length of the peninsula and the great variety of plant life and mineral resources. It is suited to most of the agricultural products of the temperate zone; rice, wheat, beans, and other cereals flourish there. Fruits grow well, and cattle prosper. No wonder that the majority of the Korean people have been engaged in agriculture for forty centuries! The country is not only fitted for agriculture but also industrial production. The physical conditions of the north are particularly suited to industry. As mentioned before, the natural resources are largely found in the north, for instance, coal, iron, lumber, graphite, copper, and gold. There is also much potential water-power awaiting the establishment of a prosperous industry. These resources not only will be developed so as to support her home industry but will also provide an export surplus.

CHAPTER II.

The Korean People.

Korean Origin.

Comparatively little is known of the exact ancestry of the Korean people. Some study has been made, but scholars have not been able, so far, to agree on any point except their kinship to the Mongols. Just which branches of the Mongolian stock are present is still a matter of conjecture. It is very evident that they are a product of two or more races, for they are easily distinguished, both by features and stature, from their pure Mongolian brothers. Western ethnologists identify these other strains as Caucasian and Malayan; some have even declared the Caucasian to be the original.

This viewpoint is taken by Professor A. H. Keane, noted British ethnologist. He further holds that the Mongolian line comes from two branches, the Mongolo-Tatar of the west and the Tibeto-Indo-Chinese of the east; the latter including a secondary branch - the Oceanic Mongols. He recalls the fact that the Tungus, or Manchus, family of the Mongolo-Tatars, at one time dominated all

of the region of the Amur Basin as well as most of eastern Siberia; and that their reign was ended by a Caucasian invasion during the Stone Age. The two races, of course, merged, but the Caucasian, having a somewhat higher civilization than the Tungus, would naturally predominate in the assimilation. Professor Keane holds this view, as is shown by the following quotation:

" In the adjacent Korean peninsula the Caucasian element is even more marked than among the Tunguses. Caucasian features - light eyes, large nose, hair after brown, full beard, fair and even white skin, tall statures - are conspicuous especially amongst the upper classes and in the south." ¹

One prominent ethnologist on the yellow races, Dr. E. Hamy, stated in his monograph that some of the Koreans might be taken for Tibetans, while others bear close resemblance to the Oceanic Mongols. However, he was still in the dark as to just what other strains had been intermingled since the Neolithic Age. Later, Dr. Hamy was able to shed more light on this point by a study of some skulls that were forwarded to Paris. From these observations he has concluded that the Koreans may be divided into three groups: - one, the native of the northern provinces, Han-kyung, Pyungan, strikingly like their Mongol (Tungus)

1. A. H. Keane: The World's People, P. 163.

neighbors; two, those of the southern provinces, descendants of the Chinese and Pien-hans, the affinities of the Malays; three, those of the inner provinces, who present a transitional between the northerners and southerners, both in their physical type and geographical position.¹

Professor Homer B. H. Hulbert has given us a still different view in his study of Korean people. Having spent twenty years in the land he doubtless feels positive when he asserts:

" They were a people of southern origin, as is proved by a conclusive line of reasoning, both philological and general. If this be true, and the early settlers of southern Korea did actually belong to the southern branches of the great Turanian family, then it seems that China was simply encircled by the Turanian race, the two branches meeting about the center of the Korean peninsula." ²

From this statement we are led to believe that the Korean was originally a Turanian, a branch of that once powerful family that held all of the Indian peninsula. His reasoning is logical. It is easy to believe that some of the Turanians would have ventured into, and settled in the southern part of Korea; and it would follow that when they were driven out of India, by the Aryans, still more would take refuge there. Professor Hulbert's theory seems to be that they

1. A. H. Keane: *Man Past and Present*, Cambridge, 1899. P.302.

2. H. B. H. Hulbert: *Korea's Geographical Significance*, American Geographic Society, Vol. 32, 1900.

were largely driven into the Steppes of Asia, and that they made a circle about China, landing finally in northern Korea, where they met their brothers from the south of the peninsula.

From the foregoing it is evident that the origin of the Korean people is still an unsettled question. Each person quoted is quite sure of his own theory and offers us what seem to be sufficient proofs of the arguments presented; yet each is different and the mystery is still unsolved. The mixture is admitted by all, but whether the original stock was continental, of Oceanic Mongol, Malayan, Turanian, or even perhaps, Caucasian, is still a question which will remain unanswered until a great deal more data have been unearthed.

Language: The language of Korea is distinctly different from both the Chinese and the Japanese. Linguists place it in the Turanian group. The old Korean language, the Nido, was developed in the eighth century, by Sul-Chong, a profound scholar, and a statesman under the Chinla Dynasty. He based his work on the sanskrit alphabet. However the Nido

was not used widely. The present language, called "Unmun", was first introduced in the fourteenth century, by the ruler of Seachong, under the Yi Dynasty. The finished product consists of a syllabary having eleven vowel sounds and fourteen consonants. Professor W. E. Griffis says, of the Unmun:

"The Korean alphabet, one of the most simple and perfect in the world, consists of twenty-five letters, eleven vowels, and fourteen consonants, and classified according to the organs of speech. They are made with easy strokes, in which straight lines, circles, and dots or twirls only are used." 1

Just as the English language has used Greek and Latin, so has Korea drawn some of her vocabulary from China. The Berna-cula syntax, which is largely Chinese, has been used in books published in Korean until recently. Lately, however, the Korean letter has been widely used in publications.

Classes and Characteristics: The social system of Korea is based on the old feudal system. This is evident in the division of powers, class distinctions, and the policy of the nobility. Until 1894 a distinction between classes was admittedly present and the statutes were made accordingly; however, there was no caste system as in India. In that year, class distinction was declared abolished and equality

1. W. E. Griffis: Korea, the Hermit Nation, P. 445.

under the law was granted to all; but a strong social line is still drawn. Until that time the upper class, called the Yang-ban, which embraces government officials, civil and military, enjoyed many special privileges. The second, or middle class, includes professional men and local officials. In the third group will be found the skilled laborers: farmers, artisans, merchants, etc. The lowest class includes the baser callings, such as: boatman, jailor, postman, butcher, monk, and sorcerer. These four groups make up all of the social body of Korea.

In point of physical characteristics, as well as geographical position, Korean stock presents a medium between China and Japan. In stature, for instance, the Korean is not as tall as the average Chinese, nor yet as short as the Japanese. His color, too, is just a little lighter than the Japanese but escapes the dingy yellow of the Chinese.

In matters of intelligence we find some light from the following excerpts: Archibald Little, who visited all of Asia and gave us as a result his work entitled, "The Far East", wrote of the "superior physique of the

Korean", and declared that "...in intelligence, where opportunity of its development is afforded, they are not inferior to other races of the Mongol type." ¹ And, again, Thomas Van Ess, manager of the O. C. Mining Company, says, after his long experience with Koreans:

"I have had Koreans working under me for thirteen years. I have always found them dilligent, good workers and very quick to learn and in my opinion, taking them as a whole, much easier to teach than the other Oriental races with which I have also had many years' experience. The company employs on the concession about five thousand Koreans, and the heads of the different departments can all produce dozens of natives who are now experts at their various duties, which includes work as miners, timbermen, hoist and stationary engineers, machinists, blacksmiths, carpenters, electricians, assayers, millmen, hospital assistants, etc. All that is necessary to bring out the splendid capabilities of the Korean is a practical education." ²

From these two opinions it will be seen that "opportunity for development" and education, which amount to the same thing, is the keynote struck by both writers. This will come. The Korean at present seems to be going backward; he still uses, unimproved, the crude inventions of his forebears. European tourists, who see only these surface conditions, are misled. They do not realize that

1. Archibald Little: The Far East, P. 247.

2. A. J. Brown: The Mastery of the Far East, P. 56.

these folk are now becoming educated and modernized, and will change all these primitive methods shortly; the "hermit nation" is coming out of her cell, bringing the intelligence and stability of centuries to the front to be whetted on the stone of modern learning. In "The Story of Korea" (139), Langford has described the Korean as: "Homogeneous, intelligent, industrious, and tranquilly living in physical comfort and security."

Religions: The four major religions of Korea are: Buddhism, Confucianism, Christianity, and the Chunto-Kiyo.

Buddhism is the oldest, dating back to 371 A.D., and was at one time a great force in Korea. Traces of its influence are still found there; magnificent temples still rest on some of her hills in mute testimony of the wealth and power of the Buddhists in this land.

Confucianism replaced Buddhism, but with less force. Both are still considered religions of Korea. Confucianism is based on the worship of ancestors. It was during the latter movement that Korea received her literature and civilization.

Christianity was first introduced in Korea in 1777. Since 1895 it has spread by leaps and bounds. The progress of evangelical work and the devotion displayed by the Korean convert has been called a wonder of the world's missionary work. Some idea of the accomplishments of missionaries is obtained by a glance at statistics compiled by the Japanese government: In 1925 there were 264 active Christian schools with 1,184 teachers and an attendance of 20,633, operated at a total cost of 994,220 yen. The number of churches and preaching stations was placed at 3,814, serving 349,375 communicants. The total religious force was given as 2,683. Korea is known to be the most Christian country in Asia.

The fourth faith in Korea is the Chunto-kiyo, which means "worship of Heaven". It was founded by Chei Chei Ou, in 1859, at his home in southern Korea. In 1893 it began to spread and today it has a strong following in Korea. Chei Chei Ou proclaimed his new faith as one that included the best elements of Buddhism, Taoism, and Romanism, calling it Tong-hak, or Eastern Learning.

History and Civilization.

Korea was unknown as a political unit until the six-

teenth century A.D. The first mention of her in books was made by an Arabian geographer, of the ninth century, Khordadbeh, in his "Roads and Provinces in China". The European name "Korea" is derived from the Japanese "Korai" or Chinese "Koli", which was at one time the title of another state in the northern part of the peninsula. Portuguese navigators, the first Europeans to visit the Yellow Sea, got the name as "Coria", hence the English "Corea".

Korean nationality is a product of over four thousand years' growth. Tradition has it that a great man named Tan Gun descended from Heaven, landing under a "Paktal" tree on Tai-Paik Mountain in northern Korea. He founded and named the country of "Chosen", meaning the "Sunrise Kingdom", or "The Land of Morning Calm". From his capital, which he located in Pyengyang, he taught his people agriculture and the art of living. However, our purpose here is not to dwell at length on the history of the country. The table on the following page will give, briefly, the chief periods of Korea's civilization.

Historic Periods of
Korea's Civilization.

1. - - -	Tan Gun (Traditional Builder of Chosen).	2333 B.C.	to	1122 B.C.
2. - - -	KiJa Dynasty	1122 B.C.	"	193 B.C.
3. - - -	The Three Kingdoms:			
	1 - Koguryu(North)	37 B.C.	"	668 A.D.
	2 - Pakje (Southwest)	18 B.C.	"	660 A.D.
	3 - Shinla (Southeast)	57 B.C.	"	935 A.D.
4. - - -	Koryu Dynasty	918 A.D.	"	1392 A.D.
5. - - -	Yi Dynasty	1392 A.D.	"	1910 A.D.

Chinese culture was first introduced in Korea by KiJa, a scholarly noble of the third Yin Dynasty in China, and counsellor to the "tyrant king" of that period. The migration of KiJa and his followers took place in 1122 B.C. He made the laws and gave the orders for enforcement to his subjects, gradually introducing Chinese letters, reading and writing, medicine, many of the arts, and the political principles of feudal China.

The golden age of culture in Korean ancient history came in the period of The Three Kingdoms. At that time art

and learning flourished. Today many relics remain testifying to the glory of that era. Having acquired the civilization of the east and its correlative virtues: art, science, and learning, it was natural that Korea felt the urge to teach that which she had learned. She played a large part in the civilization of Japan; in 405 A.D. a celebrated Korean scholar named Wangin introduced the art of writing in that island. When, in 528 A.D., Buddhism was formally established in Shinla, the chief state in The Three Kingdoms, a steady emigration followed. Traders, artists, scholars, teachers, and later, Buddhist missionaries, left Shinla to carry their lore to the Japanese.

In "Korea, the Hermit Nation", Professor Griffis has given his impression of Shinla: .

"Kyengchu, the capital of Shinla, brilliant center of art and science, of architecture and of literary and religious light. Imposing temples, grand monasteries, lofty pagodas, halls of scholars, magnificent gateways and towers adorned the city. In campaniles, equipped with water-clocks and with ponderous bells and gongs, which when struck, flooded the valleys and hill-tops with a rich resonance, the science of astronomy and horoscopy were cultivated, as from a fountain, rich streams of knowledge flowed from the capital of Shinla both over the peninsula and to the court of Japan. Even after the decay of Shinla's power in the political unit of the whole peninsula the nation looked upon Kyengchu as a sacred city.

Her noble temples, halls, and towers stood in honor and repair, enshrining the treasures of India, Persia, and China, until the ruthless Japanese torch laid them in ashes in 1596.¹

Inventions of note: Inventive genius and the ability to produce articles of utility have been the happy faculties of Koreans. It is interesting to note that the printing press was invented by Sung scholars. Books were printed from wooden blocks. The Buddhist canon, which dates authentically from the first of the fourteenth century, was so printed; this was one hundred years before the earliest printed book in Europe. A century later the wooden blocks were superseded by metal type, made by molding and casting; the date is not precisely known but it is distinctly mentioned in Korea as early as 1420, which is forty years prior to the German's invention.

The first iron-clad warship of the world was made by a Korean, Admiral Yi Sun-sin, during the invasion by Japan in 1592. He named it the "Tortoise Boat", and commanded it with such effectiveness that it was largely responsible for the defeat of the Japanese fleet of Hideyoshi.

But Korea's brilliant career was over; her inventive genius, her learning, were not to flourish. During the Yi

1. W. E. Griffis: Korea, the Hermit Nation, P. 48.

Dynasty, founded in 1392 by Yi TaiJo, there were several centuries during which the world saw nothing of her. Her door was closed politically and commercially to all but China, and she became literally a "hermit nation". Perhaps her reticence was somewhat due to her ungrateful neighbor, Japan, who sat by, ever watchful, ever antagonistic, as history has shown.

In 1592 Hideyoshi engineered a brutal invasion of Korea, which, to this day is still a canker in the heart of the Korean people. A treaty, the first between these two states, was made in 1876, wherein it was stipulated that: "Chosen, being an independent state, enjoys the same sovereign rights as does Japan". In 1903, at the opening of the Russo-Japanese War, Japan went through the form of negotiating a second treaty with Korea. However, when Japan became victorious in this conflict, Korea found herself under the menace of Japanese troops; and in 1905 Japan declared herself "protector" of Korea, only formally to take possession of the peninsula five years later. Since then she has controlled Korea through military occupation. This act ended the Yi Dynasty in Korea,

August 29, 1910, and the world sat back with folded hands, believing that the Korean question was settled. This, however, is a misconception. Korea has never surrendered to Japan at heart. She has never recognized Japan as her master and the result of this state of affairs is the birth of a new Korea. This new-born, or perhaps, re-born spirit was evidenced by the Independence Movement in 1919. She is preparing to fight for her freedom, not only for her own contentment, but for the peace of all Asia.

Population.

The population of Korea stands at twenty millions.

If, to this number were added the people who have migrated to Manchuria and Siberia, it would be larger by one and one-half millions. The census of 1925 gives the population as 19,103,900, of which 18,615,033, or 97.5 percent were natives, 442,326, or 2.2 percent Japanese, and 46,514, other foreigners - over ninety percent of which were Chinese.

The comparison of sex in Korea shows 94.82 females to a hundred males. The population is divided among thirteen provinces, or 214 counties or districts, and finally, 2,503 Myen or townships and villages. The table on the next page shows the distribution of population by province.

Distribution of the Population

Over the Provinces of Korea.

1926

<u>Province</u>	<u>Koreans</u>	<u>Japanese</u>	<u>Other Foreigners</u>	<u>Total</u>
North Hamkyung	1,334,099	22,787	4,120	1,361,006
South Hamkyung	593,890	21,528	4,309	619,727
North Pyungan	1,367,287	16,650	10,285	1,394,222
South Pyungan	1,205,712	36,556	3,666	1,245,934
Whanghai	1,399,370	15,257	2,795	1,417,421
Kyungki	1,831,223	108,792	8,938	1,948,953
Kangwan	1,297,251	8,916	978	1,307,145
North Choongchung	818,366	7,312	1,022	826,700
South Choongchung	1,226,233	20,010	2,811	1,249,054
North Kyungsang	2,249,614	43,440	1,808	2,294,862
South Kyungsang	1,880,134	78,838	1,560	1,960,532
North Chunla	1,318,228	29,241	2,594	1,350,063
South Chunla	2,093,626	32,999	1,655	2,128,280
<u>Total</u>	<u>18,615,033</u>	<u>442,326</u>	<u>46,541</u>	<u>19,103,900</u>

(Source: The Economic Conditions of Korea, P. 18.)

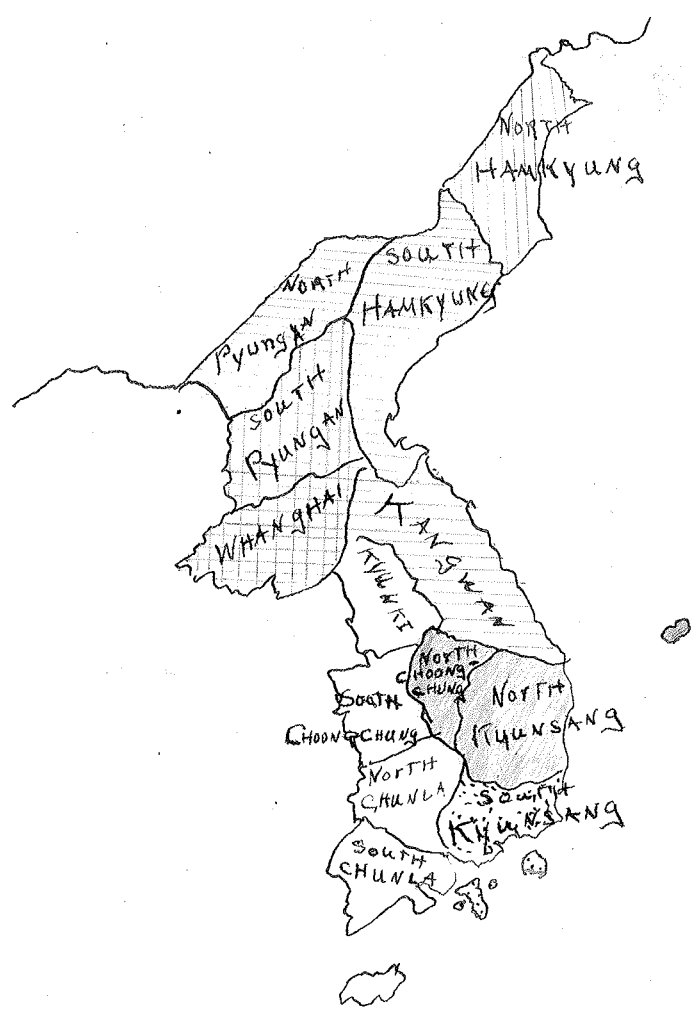
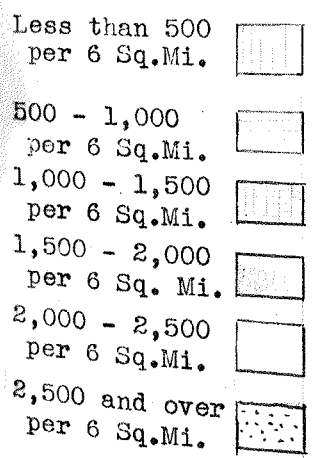
The largest number of Koreans live in villages. At the end of 1925, 1,086,656 was given as the total population of thirty cities, the largest being Seoul, the capital, with 302,711 inhabitants, which number would be increased by half a million if the thickly settled contiguous territory were taken into account. Two other cities boast a population of one hundred thousand. Recently the urban population has increased rapidly. In the last five years the ratio of gain in ten of the twelve most important cities to that of the country as a whole is five to one, and some of the smaller places show even greater gains.

The density of population, of course, is determined by such factors as climate, rainfall, soil conditions, and centers of industry in the peninsula; but, as has been said, the urban districts have drawn large numbers in the last few years. It will be remembered that the north is not as agreeable to the farmer as is the south. Consequently, we find the south more densely settled. This is strikingly shown in the fact that the five northern provinces cover over fifty-five percent of the total area but have only thirty percent of the people. The most thickly settled area in the north is a small one near the coast of Pyenyang

where the annual rainfall is above 1,000 mm. The southern provinces which cover only forty-five percent of the area, have the remaining seventy percent of the population. According to the last census, the most densely populated district is in South Kyungsang Province, with 2,294,862 persons, or over 2,500 persons per six square miles; and the least is the province of North Hamkyung with only 619,727, or less than 500 persons per six square miles.

Although Korea is larger than Japan, it is less densely populated. Investigations in 1925 show that Japan had 2,417 persons to six square miles, whereas Korea only had 1,364. The natural deduction from this fact is that the land in Korea is less fertile than in Japan, hence less attractive to settlers. Increase in population is estimated at one hundred and thirty thousand persons annually.

Map Showing the Density of Population
In Korea.



Occupational Distribution: Occupational distribution in Korea, in view of growing population and uneven distribution of resources, presents a serious problem. Korea is, first and last, an agricultural country and a very great percentage of her population is engaged in this industry; moreover, the number of farmers is increasing annually. In the eleven years between 1915 and 1926 the number increased by four and seven-tenths percent. A study of the following table, showing the number of persons dependent on each of the given industries, will reveal conditions as they were in 1925. For instance, it will be seen that of the 424,740 Japanese in Korea, only nine percent are engaged in agriculture, but 83.3 percent ✓ of the Koreans till the soil. This leaves nearly all of the other industries to the Japanese. They produce but one-fourth of one percent of the harvest but furnish twenty-five percent of the total industrial production of the country. They hold the better paying positions and a large percentage is engaged in public service, transportation and commerce. With the steady increase in population and no readjustment in the immediate future visible, it can be seen that the standard of living for the Korean farmer is very low. This is the reason that many intelligent young Koreans are looking for other means of livelihood.

Population of Korea

Distributed According to Means of Livelihood,

And Race. (1925 Census.)

<u>Occupation</u>	<u>Koreans</u>		<u>Japanese</u>		<u>Other Foreigners</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture and Forestry)	15,441,290	- 83.3	39,030	- 9.2	9,222	- 19.4
Fisheries and Salt)	251,496	- 1.4	12,802	- 3.0	95	- 0.2
Industry and Commerce)	421,658	- 2.2	66,864	- 15.7	6,372	- 13.5
Transporta- tion)	1,153,352	- 6.2	133,273	- 31.6	24,447	- 51.5
Public Service)	422,228	- 2.3	140,925	- 33.1	1,672	- 3.5
All Other)	615,814	- 3.3	21,362	- 5.0	5,305	- 11.2
Unknown)	237,488	- 1.3	10,484	- 2.4	347	- 0.7
Total	18,545,326	- 100.0	424,740	- 100.0	47,460	- 100.0

Source: E. des Brunner: Rural Korea, P. 12.

Immigration and Emigration: The Japanese immigration into Korea may be said to have begun after the opening of Fusan, 1876. Until the time of the Chino-Japanese War their settlement was confined to the seaboard. Their number was approximately ten thousand at the time of that war. About the time of the Russo-Japanese War, with the extension of Japanese influence and the opening of the Korean railway, they began to penetrate into the interior, and their number increased considerably under the protectorate.

Since the annexation of Korea in 1910, Japan has nursed an ambition to extend her migration, not only to the peninsula, but also into Manchuria. For this purpose the Japanese government spent large sums of money to encourage her people to migrate to Korea and Manchuria. For the achievement of this end the Oriental Development Company (Toyo Takshoku Kaisha) was organized in March 1908. This company is charged with many functions bearing on the colonization of Korea and Manchuria. Here, however, we will only consider those dealing with Korea.

The company drew up a comprehensive plan of colonization which was embodied in the regulation of 1910. According

to this, Japanese settlers who come to Korea under the company's guidance and protection are of two classes.

The first is to receive five acres of land for a family.

The value of this assigned land should be paid back to the company, six percent interest thereon, within twenty-

five years, by instalment; or the settler has the privilege of paying off the whole within the first five years

if he is pleased to do so. The second class of settlers

receives twelve and five-tenths acres of land from the

company on their arrival. They are required to pay one-

fourth of the land value on receipt of the contract and

the remainder within twenty-five years at seven percent

interest. At the end of the first year the land in both

classes is considered the property of the settler. Besides

this many inducements have been offered and facilities

arranged for by the company to encourage the Japanese

to settle Korea.¹

Japanese census shows her immigration to Korea to be 442,326 persons, 230,228 male, 212, 098 female. During the seventeen years since the annexation Japan has not had the success in Korea that she had expected. Most of the Japanese who undertook to settle in Korea are either merchants

1. Outlook of Korea in 1926, P. 314.

or civil employees, with a straggling few that have enlisted in the ranks of the farmer. Other foreigners in the peninsula, of which ninety percent are Chinese, are either merchants or farmers.

Emigration: While Japan has been frantically trying to nationalize Korea by colonization, Koreans have been hunting better opportunities in other lands. The exact figure is not known but it is estimated that emigrants number more than a million, five hundred thousand; a large percentage of this number have crossed to Manchuria and Siberia. The two provinces losing the largest numbers of people are North Hamkyung and Pyungan. These two offer the greatest difficulties for making a living, and Koreans have left for better soil, the result is that the agriculture of these two provinces is entirely in the hands of immigrants.

Lately Koreans have gone into Japan, especially since the World War, as the accompanying boost in industries called for more laborers. In 1915 there were only 3,989 Koreans in Japan, but in 1923 this number had increased to 170,762; 136,376 male, and 34,382 female. These people are found in factories, mines, stores, and the trades. The usual

trend of emigration is: from the north to Manchuria and from the south to Japan. However, many southerners go over to Manchuria at famine or flood time.

Increase in Population: The increase in population is, of course, dependent upon birth and death rate and immigration. In 1925 the birth rate stood at 722,493, with the death rate far behind at 392,497, leaving an excess of 329,996 persons. For the past five years there has been an average of fifteen per thousand births in excess of deaths, giving a natural increase of two hundred thousand persons per year. South Kyungsang Province shows the greatest increase and North Choongchung Province the least. Conversely, the population of the northern provinces increased 10.8 percent in the years between 1921 and 1925, while the same period shows only 3.1 percent increase in the southern provinces.

The highest rate of growth is in North Pyongan Province, at 25.78 per thousand; and the lowest in North Cholla Province, at 10.1 per thousand. The annual excess rate per thousand over the four northern provinces, North and South Pyongan, and North and South Hamkyung, is twenty percent.

The above shows that the increase in population is in favor of the north. This is because the north holds forth a promise of great industrial development, with its convenient natural resources: timber, coal, iron, graphite, copper, and gold, and a plentiful supply of water power to make the development possible. At present eighty-one percent of the people in this district are still farming, but it is very evident that Korea will be obliged to turn to the development of other industries in order to solve her problem of increased population and to distribute more evenly the wealth of her land.

CHAPTER III

Agricultural Industry.

From the beginning of Korea's existence, evidence shows that she has been an agricultural country. There is no trace of any hunting stage in her life. The founder of Chosen, which was at that time the name of old Korea (2333 B.C.) had as one of his ministers, Pang-o, whose special duty was to make roads and superintend drainage. This fact alone is sufficient evidence of an agricultural people.¹ However still further proof is found in the fact that rice was first brought into Korea by KiJa in 1122 B.C., also barley and other cereals; and that prior to that time millet had been cultivated there. It would seem that her fields have been tilled for over three thousand years.

Today Korea is still essentially an agricultural country, more than eighty percent of her people being farmers. Her soil can not be called fertile but she has such a wide range of climate and other natural variances that a great variety of foodstuffs may be produced.

1. H. B. H. Hulbert: History of Korea, P. 1.

Most of the other natural industries are closely affiliated with farming. The carpenter, blacksmith, and stonemason, spring directly from this class, combining the knowledge of forge or workshop with a life-long experience of husbandry. Even the fisherman owns a small holding which his wife tills while he attends his nets. The farmer's wife makes the cotton, silk, linen, and grass cloth at home. Sandals, mats, osier and wooden wares, that figure so prominently in Korean households, are made by the farmers in their leisure moments. For centuries the internal economy for which Korea is famous has been affiliated with the pursuits and problems of agriculture.

Agriculture is the main industry of the country, and its products supply not only the domestic requirements but furnish an export surplus. The total value of the crops in 1926 was 1,300,000,000 yen, of which 284,000,000 yen was exported, chiefly to Japan.¹ Every crop that can be produced in the temperate zone is grown in Korea. Generally, the soils are suitable for the majority of crops, but the largest part of the arable land is devoted

1. Annual Report of Chosen, 1926-27, P. 74.

to the growing of grain such as rice, barley, wheat, millet, and soy beans.

In studying the peninsula, it will be convenient to divide it into four regions because of the difference in conditions which makes each distinct from the others. These four regions are: the southern region, including North and South Chunla and North and South Kyungsang provinces, the central region, including Kyungki, North and South Choongchung, and Kangwan provinces, the western region, including Whanghai and North and South Pyungan provinces, and the northern region, including North and South Hamkyung provinces. In some cases a simple division of north and south will be sufficient for the purpose. Each section is distinguished by the crops grown therein. For instance, of the five crops - rice, barley, sweet potatoes, upland cotton and "perillaocimiodes" - over sixty percent is grown in the south; while the north produces more than sixty percent of the following ten - fox-tailed millet, barnyard millet, rye, maize, millet, corn, Irish potatoes, small green beans, sorghum, and native cotton. On the other hand large beans, wheat, cabbage, carrots, and celery are about evenly distributed. Certain fruits, such as apples, pears,

and grapes are produced chiefly in the south.¹

Rice.

According to record, rice was first introduced from China in 1122 B.C. The peninsula is naturally favorable to the cultivation of rice, lying as it does - except for the extreme northern part - in the rice-growing zone of the world, between the Tropic of Cancer and forty degree North Latitude. Consequently rice is grown throughout the entire peninsula.

Rice is a crop that requires a heavy rain in summer, or during the growing season. While the actual rainfall would not be sufficient if distributed through the year for the cultivation of rice, the heavy rains coming in June, July, and August, furnish enough moisture. The warm southwest winds, blowing from the Indian Ocean in summer, sweep directly across the Korean peninsula bringing a moisture that turns into heavy rain. The northeastern winds that come in the winter from Siberia furnish little moisture. In this way Korea receives her rain when she needs it most, but very little at any other time. The average rainfall of Korea is thirty-six inches, of which twenty-one inches are received in the months of June, July, and August.

Rice is the main crop in Korea, totaling (in 1925) 3,883,785 acres, eighty percent of which lay in the south,

1. Distribution of Main Crops in Korea. Bu. of Ind. 1926. P.1-31

and the remainder in the north. The largest producer of rice is South Cholla Province, followed by Kyungki Province and North Kyungsang Province.

There are two kinds of rice fields, the dry and the paddy fields. Of these the first produces what is called the upland rice, grown in the higher and dryer areas. The second type of field is in the lowlands and the rice is grown under water. The paddy crop yields are larger and more sure than the upland crop. The average land cultivated per family is one acre in the case of the paddy rice and one and three-fourths acres in the case of upland rice.¹

The cultivation of paddy rice requires a great amount of labor. Early in May seed are sown in the water field, which has been carefully fertilized for bedding purposes; in a month the plants are about eight inches in height. They are kept in this seeding bed until they become strong feeders, when they are transplanted to the field of lately prepared, fertilized, and clean soil. The best soil for growing rice is that of low muddy plains. Once in the field its care, unlike that of the wheat crop, does not cease but necessitates hoeing, fertilizing, and watering. The

1. Agriculture of Korea, Published by the Bureau of Industry, 1926, P. 41

growing season is about four months, from June to October.

Kinds of rice and their uses: There are three kinds of rice grown in Korea, with a variety of sub-species. First there is the variety known as "topkok", grown in the ordinary paddy field. This is used exclusively to make "pap", or ordinary boiled rice. Then there is the "chunkok", or dry field rice. This is drier than paddy rice and is used largely for making rice flour and in brewing beer. The third class is grown only on the mountain sides and is a wild rice. This is a smaller and harder rice than either of the other two. Rice straw is used for fodder, weaving mats and baskets, paper manufacture, and for roofing; so that rice is more than a mere staff of life to the Korean people.

In the south the farmer uses more rice, along with barley and other cereals, while in the north farmers use little rice but more millet, soy beans, and wheat. The Korean farmer sells his rice at a high price and buys the cheaper grains for consumption.

The following table shows a great quantity of rice exported to Japan and other countries. On the other hand a

large amount of millet is imported from Manchuria. In 1925 this importation reached 520,335,680 pounds at a value of 28,779,659 yen.¹

Exportation and Importation of Rice.

<u>Year</u>	<u>Exported (Pounds)</u>	<u>Value (Yen)</u>	<u>Imported (Pounds)</u>	<u>Value(Yen)</u>
1922	969,277,760	95,805,193	54,432,000	3,186,220
1926	1,776,305,280	192,568,492	247,169,600	19,536,127

Increase in rice production: The quantity of rice produced is increasing every year for various reasons, such as the extension of arable lands, improvement in the methods of cultivation, and the selection of seed. According to a recent report land cultivated for rice was estimated at 3,891,616 acres in 1926 with a yield of 4,896,000,000 pounds.

The following table shows the rapid growth in more detail. In 1920 the area of rice fields amounted to 3,811,740 acres, and yielded a crop of 4,762,352,640 pounds. The Japanese are keenly interested in the extension of rice production in Korea because of their colonial policy. They hope to solve the problem of food supply for their increasing popula-

1. Rice Cultivation in Korea, Published by the Bureau of Industry in 1926, P. 38.

tion through this means. They assume that after fifteen years of production the rice fields in Korea will increase to five million acres with a production of 9,600,000,000 pounds, of which approximately 2,880,000,000 pounds will be exported to Japan annually.¹ It is obvious that rice production will increase in Korea every year.

Area, Yield, Yield per Acre,
and Value of Rice.

<u>Year.</u>	<u>Area</u> <u>Under Rice.</u>	<u>Yield.</u>	<u>Yield</u> <u>Per Acre.</u>	<u>Value.</u>
1922	3,817,972 As.	5,804,573,440 Lbs.	1,234 Lbs.	423,428.042 Yen
1924	3,861,513 "	4,230,183,040 "	1,029 "	436,818,412 "

Barley.

Barley ranks second in importance as a food staple, especially for the farmer. This crop is cultivated chiefly for home consumption. The total area planted in barley was about 2,029,784 acres in 1925, of which eighty percent lay in the south. North Kyungsang Province cultivated the largest crop of 399,177 acres; South Kyungsang came next with 319,402 acres; and South Chunla Province took third place with 289,413 acres.²

1. Rice Cultivation in Korea, Pub. by Bu. of Ind. 1926, P. 40-41

2. Distribution of Main Crops, P. 7.

The southern climate offers the best conditions for autumn sowing, but the north is more favorable to spring sowing. In the south barley is usually sowed in the paddy fields as a second crop after rice; however, in some instances the landlord will not permit the sowing of barley in the paddy fields. Barley is used extensively, not only as a foodstuff but for making wine and beer. Recently the Korean barley supplied approximately 9,600,000 pounds as raw material for making beer in Japan. Barley is also used for malt, medicine, candy, and syrup, besides the use directly as farinaceous food. This grain is now considered almost as important as any of the other kinds of pulse. The following table shows the great increase in production of this staple due to extension of acreage.

Area, Yield, Yield per Acre,
and Value of Barley.

<u>Year.</u>	<u>Area</u> <u>Under Barley.</u>	<u>Yield.</u>	<u>Yield</u> <u>Per Acre.</u>	<u>Value.</u>
1922	2,000,462 As.	2,182,314,560 Lbs.	1,009 Lbs.	56,780,335 Yen
1924	1,990,944 "	2,293,760,000 "	1,152 Lbs.	74,569,363 "

Wheat.

The cultivation of wheat has also increased in late years, mainly for exportation. It is hardier than barley and withstands the cold weather better, therefore, it is grown in all parts of the country except the extremely cold section of North Hamkyung Province and North Pyungan Province. Wheat is raised chiefly in the northern provinces: South Pyungan, Whanghai, and Kangwan. In these three provinces lies half of the total area of wheat. According to report, in 1924 Whanghai alone cultivated 313,682 acres which was thirty-five percent of the total area sown in wheat, and produced 3,670,400 bushels.¹

Although wheat is raised better in the northern part of Korea it is also found in the south where the dry winter season is well adapted to its growth. It is always sown in the fall. In the south it is very often sown in the paddy field after rice has been harvested. The northern wheat is of a better quality than the southern. It is especially fine for milling, having a greater glutinous content. The Korean flour compares very favorably to American wheat flour, and promises to increase in production for that reason.

1. Food Staple Crop in Korea, Pub. by Bu. of Ind., P. 8.

Wheat is used at home chiefly for making bread and brewing wine. The late war stimulated the production of wheat in Korea and a big increase in its growth resulted at that time. While the crop decreased to some extent afterward, particularly as an export, on the other hand it became more in demand at home. It is obvious, however, that wheat production will increase in Korea, not only because it is used more and more, but because the climate of Korea is naturally adapted to the growing of wheat. The following table shows the area of land under wheat, yield, and value:

Area, Yield, Yield per Acre,
and Value of Wheat.

<u>Year.</u>	<u>Area</u> <u>Under Wheat.</u> <u>(Acres)</u>	<u>Yield.</u> <u>(Bushels)</u>	<u>Yield</u> <u>Per Acre.</u> <u>(Bushels)</u>	<u>Value.</u> <u>(Yen)</u>
1922	890,021	10,204,749	11.25	29,780,188
1924	884,424	10,581,962	11.73	34,999,938

Millet.

The census of 1923 estimated that 2,769,223 acres, or about forty-six percent of the total dry fields, were

cultivated for miscellaneous grains, such as millet, oats, corn, maize, and other cereals, of which 1,887,083 acres were planted in millet.¹ Seventy-three percent of this area lies in the north and twenty-seven percent in the south.

The northern climate is most favorable to raising millet. Winters are cold and spring and early summer seasons are dry, though some difficulties are met with in the cultivation of wheat and barley, millet being a dry plant grows very well in these conditions as a summer crop.

Millet is third in importance as a foodstuff, next to rice and barley. It is particularly important in the north where there is a scarcity of rice. It is even imported from Manchuria for use at home. Consumption per capita increases every year. The Korean farmer uses approximately 1.59 bushels per person for food. He sells his rice at a good price and buys Manchurian millet for his own use. In 1925 Korea imported 8,065,203 bushels of millet at a value of 28,779,659 yen. As with other grains, the outlook is for increased production owing to increase in demand and favorable climate for its growth. The table on the next page shows the increase in acreage in millet production.

1. Crop of Main Grain in Korea, P. 26.

Area, Yield, Yield per Acre,
and Value of Millet.

<u>Year</u>	<u>Area</u> <u>Under Millet</u>	<u>Yield</u>	<u>Yield</u> <u>Per Acre</u>	<u>Value</u>
1922	1,926,169 As.	25,485,006 Bu.	12.96 Bu.	59,474,645 Yen
1924	1,897,438 "	25,185,179 "	13.02 "	73,650,406 "

Soy Beans.

Soil fertility and climate conditions in Korea prove to great advantage in growing pulse, or leguminous plants, such as beans and peas. In 1924 the total area under cultivation in beans was about 3,185,000 acres, or forty percent of the total dry fields, of which seventy percent was used for soy beans, according to census report. The soy bean crop holds fourth place in importance and extends over the entire country. The province of North Kyungsang plants the largest area in soy beans, amounting to 264,203 acres; Whanghai Province ranks second with 218,146 acres, and Kyungki Province third, with 200,903 acres.

Soy beans grow best in a warm moist climate for the period between sowing and growth, with a dry season for

ripening. Korean weather just suits these requirements and the Korean soy bean outranks both the Japanese and the Manchurian soy bean in quality. Manchuria produces a large quantity of soy beans, but the seed is small due to scarcity of rain for the growing season, and there is less albumen, though they are richer in fat. The Korean soy bean is more nutritious and is much better for food.

The Korean farmer consumes a large quantity of soy beans, equally as much as millet and barley, for his table. The consumption per person is about .89 bushels annually.

Japan grows a soy bean of good quality but her demand necessitates an importation of about 9,920,000 bushels per year from elsewhere. Korea exports approximately 8,448,000 bushels to Japan every year. Increase in acreage and production is shown in the following table:

Area, Yield, Yield per Acre,
and Value of Soy Beans.

<u>Year.</u>	<u>Area</u> <u>Under Soy Beans.</u>	<u>Yield.</u>	<u>Yield</u> <u>Per Acre.</u>	<u>Value.</u>
1922	1,950,967 As.	20,708,666 Bu.	11.23 Bu.	66,096,801 Yen
1924	1,957,642 "	18,141,810 "	9.09 "	61,620,151 "

Potatoes.

The Irish potato is grown throughout the peninsula, but its production is of importance only to the north. They are raised chiefly in the mountainous district of Hamkyung and Kangwan provinces. Sweet potatoes, which were introduced more recently, are found in the provinces of South Chunla and South Kyungsang. Potato culture of both species is covering more area each year.

The potato is comparatively easy to raise. It is easy to plant, matures in a short time, and is not seriously affected by changes in season. Compared to the grain production in the same area, the potato crop is plentiful, and it is somewhat of a benefit to the farmer for the reasons stated.

It has become a food staple for the north, having already reached a point where it furnishes an export surplus. New potatoes are sent to Siberia for potato flour. The table on the next page shows the area and yield of potatoes.

Area, Yield, Yield per Acre,
and Value of Potatoes.

<u>Year.</u>	<u>Area</u> <u>Under Potatoes.</u>	<u>Yield.</u>	<u>Yield</u> <u>Per Acre.</u>	<u>Value.</u>
1923	217,587 As.	1,095,283,911 Lbs.	5,657 Lbs.	35,659,287 Yen
1924	213,490 "	1,130,086,109 "	6,351 "	34,103,851 "

Cotton.

Though cotton has been cultivated in Korea since ancient times, there has never been an export surplus, since all clothing is made of cotton. At present, efforts are being made to develop cotton production to the point where there will be an export surplus. There are two varieties now grown in Korea, the original, native cotton and the upland cotton introduced from America. Of the native cotton, about sixty-nine percent is cultivated in the north and only thirty percent in the south. The American species, imported in 1906 as an experiment, was cultivated in Mokpo, of South Chumla Province. The soil and climate in the south are highly suited to the American upland, while conditions in the north are suited to the native cotton. Since then, the production of this variety has been confined to that area.

In 1925 the area under cotton cultivation totaled 494,854 acres, of which the area of native cotton was only 144,598 acres. The important regions for upland cotton were North and South Choongchung, North and South Chunla, and North and South Kyungsang provinces, while the regions for native were Kyungki, Whanghai, and North and South Pyungan provinces. The comparison of production per acre between the two species stood: upland cotton, 39.3 pounds per acre and native cotton, 35.5 pounds per acre,¹ showing that the American specie was successfully grown in the southern provinces. In the next table is shown the increase of area and production of cotton:

Area, Yield, Yield per Acre,
and Value of Cotton (Native and Upland Combined.)

<u>Year.</u>	<u>Area In Cotton. (Acres)</u>	<u>Yield. (Pounds)</u>	<u>Per Acre. (Pounds)</u>	<u>Value. (Yen)</u>
1922	371,720	156,932,000	397	20,025,677
1925	417,907	182,292,000	397	34,034,416

1. Agriculture in Korea, P. 66.

In spite of the great development in textile manufacture, Japan produces no cotton. She imports chiefly from India and the United States and China. For this reason she desires to develop a large industry in Korea, and in 1919 started on an extensive development program. In ten years, Japan plans to add 245,000 acres to the area under upland cotton cultivation in the six southern provinces, and 85,700 acres to the area under native cotton cultivation in the three western provinces. In this way the area under cotton will be increased to about 612,600 acres and the yield will total 330,000,000 pounds, half of which will supply domestic requirements and half will be exported to Japan.¹ The following table shows the quantity and value of cotton exported to Japan:

Cotton Exported to Japan.

<u>Year.</u>	<u>Quantity.</u>	<u>Value.</u>
1921	5,824,335 Lbd.	3,539,215 Yen
1925	9,901,370 "	11,440,574 "

1. Agriculture in Korea, P. 64.

It has already been shown which are the most popular products in the country. The following table gives the combined area and value of the main products:

Area and Value of Main Crops.

<u>C r o p</u>	<u>1 9 2 2</u>		<u>1 9 2 4</u>	
	<u>Area(Acres)</u>	<u>Value(Yen)</u>	<u>Area(Acres)</u>	<u>Value(Yen)</u>
Rice	3,817,972	423,428,042	3,861,513	436,818,412
Barley	2,000,462	56,780,325	1,990,944	74,569,363
Wheat	890,021	29,780,188	884,424	34,999,938
Millet	1,926,168	59,474,645	1,897,404	73,650,406
Soy Beans	1,950,967	66,096,801	1,957,642	61,620,151
Potatoes(1923)	217,587	35,695,287	213,490	34,103,851
Cotton	371,720	20,025,617	417,927	34,034,416

Sericulture.

Sericulture has been practised by the Korean farmer, as a home industry, for many centuries. The king of the Yi dynasty planted mulberry trees himself near Seoul in order to encourage the industry. The government attempted to further the plan by ruling that mulberry trees should be planted at every farm house for the breeding of silkworms; that all waste lands, such as mountain sides and river

banks, should be given over to the cultivation of mulberry trees; and finally that from fifty to one hundred trees should be planted by each cultivator. As a result of this pressure, sericulture has become an important source of income to the farmer.

The peninsula is naturally more favorable to sericulture than any other country. In the first place, the climatic conditions are right - dryness being the chief factor. Then, too, floors in the Korean homes are of stone, and they can be heated to proper temperature for carrying on the work. Finally Korea has abundant land for growing the trees and plenty of labor to do the work. These combined circumstances furnish excellent conditions and make Korea the best possible location for the industry. Both the climate and soil are favorable to the raising of silkworms, especially in the provinces of North Kyung-sang, South Pyungan, South Choongchung, Kyungki, and Kangwan. The number of families engaged in sericulture increases yearly. In 1926 an estimate placed the number at 543,300 and the volume of cocoons gathered at 1,572,320 bushels.¹ The table on the next page gives the increase in the number of families engaged in the industry and the production.

1. Annual Report on Administration of Chosen, 1926-27, P.77.

Sericulture - Number of Families

Engaged and Value of Output.

<u>Year.</u>	<u>Number Of Families.</u>	<u>Production Of Cocoons.</u>	<u>Value.</u>
1923	401,563	1,030,252 Bu.	14,934,214 Yen.
1924	467,475	1,209,506 "	12,371,933 "
1925	498,100	1,414,304 "	21,297,544 "

Source: Agriculture in Korea, P. 86.

Mulberry leaves are essential to the breeding of silk-worms. There are three main varieties of silk-worms: the "Koishiman", for spring breeding, the "Shingya", used for summer breeding, and "chusu" for fall breeding. There are also some foreign species, French and Italian, and often crosses are used by way of experiment. The baby silkworms have four or five meals a day until they outgrow their skins, which then split down the back. The necessity for mulberry trees increases constantly, and more and more land is being planted in trees. In 1924 an estimate placed the land so utilized at 96,893 acres, including the mulberry field of 36,350 acres. The production from this source was 12,323,983 bushels, but it fell short of the demand. There is also another type of silkworm, a wild specie, that works

naturally on the trees. This variety is found only in one section - North Pyungan Province. This wild cocoon region receives special protection from the local government.

Formerly, sericulture was distinctly a home industry and the family handling the breeding of silkworms furnished silk for themselves only. Today there are nine reeling mills with modern equipment, operating in the country; four in Seoul, two in Chuchu district of North Chuna Province, and three in Taiku of northern Kyungsang Province. These mills possess 2,400 ovens and produce a reeling of 4,680,820 pounds. This raw silk is a big item of export to Japan, and the Japanese government has given many facilities for the enterprise, such as discounting railway rates, and abolishing tariff on importation of raw silk. The next table shows the quantity and valuation of raw silk exported:

Silk Exported to Japan.

	1 9 2 3	1 9 2 4
Cocoons	429,090 Bushels.	475,788 Bushels.
Value.	7,329,156 Yen	7,392,558 Yen
Furnishing Silk	451,021 Pounds.	565,230 Pounds.
Value.	6,208,508 Yen	7,227,491 Yen
Tussah Silk	2,187,233 Pounds.	1,675,469 Pounds.
Value.	16,718,519 Yen	12,458,626 Yen.

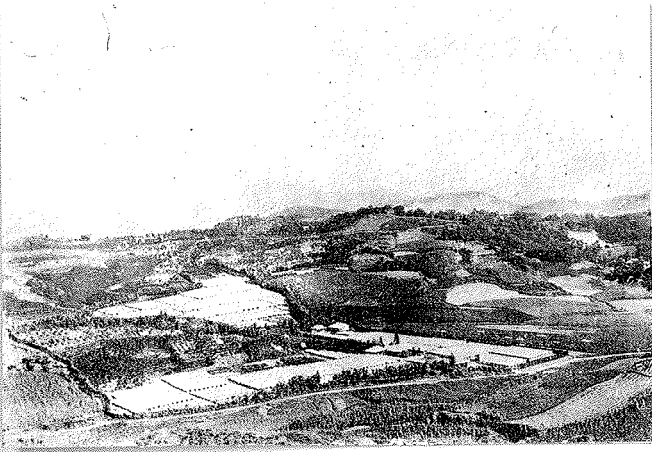
Source: Agriculture in Korea, P. 90.

Insam (Ginsen)

Korean insam has been famous as a medicine through the ages. Though it is not known when cultivation of this herb was begun, the record that insam was sent to China as a present by the King Sungduk of the Shinla Dynasty in 725 A.D. proves that it was being cultivated in Korea more than a thousand years ago. It has always been an important source of income. In early days it was made a government monopoly, but in 1899 it fell into the hands of the Household Department, and formed an item of the Crow property.¹

Insam is a root crop. There are two kinds of insam: one, a wild insam which produces naturally in mountain valleys, and is very valuable; the other, a cultivated insam, the origin however, is the wild variety more than likely. The region of insam cultivation includes Kyungki, Whanghai, Chunla and Kyungsang provinces, the best district being near Kaisung of Kyungki Province. Insam is best grown in sandy soil. It is transplanted from seed beds in the spring and is cultivated continually for five or six years, to be finally pulled up by the roots. It is very difficult to care for during the cultivation, be-

1. Economic History of Chosen and Manchuria During Ten Years,
Published by the Bank of Chosen, 1919, P. 96.



Ginseng Beds at Songdo.



Cleaning Ginseng.

cause it is a soft plant and therefore an easy prey to insects.

The natural color of insam is white, but there is a red insam which is produced by steaming. The red insam, called Hongsam, is highly favored by the Chinese. White insam is sun dried and less valuable than the red or steam dried. The value of the latter is about four yen per pound. Insam is a medicinal herb, and is regarded highly in the Orient, especially in China. In south China red insam is regarded as a panacea. It is exported to China, south islands, and India, but the demand in south China controls the yearly production. White insam is used in candy, drinks, and medicines. In the next table is shown the area, production, and value of insam:

Area, Yield and Value
of Insam.

<u>Year</u>	<u>Area</u> <u>(Acres)</u>	<u>Raw</u> <u>Root</u> <u>(Pounds)</u>	<u>Prepared</u> <u>Root</u> <u>(Pounds)</u>	<u>Value</u> <u>(Yen)</u>
1923	104,947	216,168	59,829	2,225,000
1926	57,592	142,687	36,880	2,768,000

(Source: Annual Report on Administration of Chosen, 1926-27 Page 53).

Tobacco.

The tobacco industry in Korea is a state monopoly. Tobacco is considered a luxury but Koreans generally smoke and they spend a large amount of money for tobacco. According to report in 1926 the total sales of tobacco in the Monopoly Department amounted to 27,901,000 yen.¹ Under the monopolistic system the Korean farmer has no chance to obtain an income from the cultivation of tobacco, on the contrary they have to pay a tax on the cultivation of tobacco, even for their own consumption. According to report, the cultivators of tobacco have paid special taxes amounting to 635,999 yen.

Under the monopolistic system certain districts are granted permits by the government authorities for the cultivation of tobacco. The climate and soil conditions are suitable for its cultivation in the whole peninsula, except in the cold part of the north. There are four species raised: native, Japanese, Turkish, and American, of which the American yellow tobacco is especially well grown under the climate and soil conditions of Korea which approximate those of Virginia.² The quality of tobacco

1. Economic Conditions in Korea, P. 45.

2. M.H.Bennett: The Soils and Agriculture of the Southern States, P. 18.

which is produced in Choongchung district is much the same as the tobacco produced in Virginia. The following table will show the increasing area and production:

Area, Yield, Yield per Acre,
and Number of Planters Who Have Permission to
Cultivate Tobacco.

<u>Year.</u>	<u>Number of Culti- vators.</u>	<u>Area.</u>	<u>Yield.</u>	<u>Yield Per Acre.</u>	<u>Compensation To Planters.</u>
1924	82,255	29,339 As.	24,223,000 Lbs.	827 Lbs.	4,321,000 Yen.
1926	107,802	33,569 "	22,056,000 "	647 "	3,321,000 "

Source: Economic Conditions in Korea, P. 43.

The former Korean government enacted a tobacco tax law in 1909 as a source of revenue for the state. In 1914 a new tobacco tax law was made by the present regime and more restrictions were placed on the limitation of the districts, and new tobacco factories were established. In 1921 the tobacco industry became a government monopoly. The factories are now government owned, and the manufacture of cigars, cigarettes, and cut-tobacco, which are sold for the account

of the government. The monopoly sells leaf tobacco, and a variety of cigarettes and cut-tobacco manufactured in its factories.

Monopoly Receipts for 1926.

Monopoly on Cigarettes and cut-tobacco.....	27,683,000 Yen.
Monopoly on leaf tobacco.....	929,000 Yen.
Japanese cut-tobacco and cigarettes.....	10,400 Yen.
Foreign tobaccos.....	123,000 Yen.

Source: Annual Report of Chosen, 1926-27.

Fruits and Vegetables.

The climate and soil are highly favorable for the raising of fruit in Korea. Most of the varieties are produced easily, excepting those which are distinctly tropic. Korea is a mountainous country and the hill sides may be, and are being, used for fruit culture, leaving the flat lands for other farming. The fruit crop is assisting the Korean farmer to improve his economic condition rapidly, and it has been encouraged extensively.

The principal fruits grown are: apples, pears, persimmons, dates, nuts, grapes, plums, apricots, cherries, prunes, chestnuts, and others.

Apples: Korean apples have an excellent reputation in neighboring countries, China, Siberia, and Japan; and their exportation has increased recently. The best Korean apple has a fine flavor and good lasting qualities, comparing favorably with the American apple and exceeding the Japanese. It is produced chiefly in the south, especially in the Taiku district.

Pears: The Korean pear, which is produced in the Hamchoong district, is of excellent flavor and has been well known since early times. It is not exported at all but is highly prized at home.

Persimmons: The persimmon is produced in the whole of Korea, but particularly in Kyungki Province. The exportation of this fruit to America has just begun - via Japan. As yet it is not well known although it is one of the popular Korean delicacies.

Chestnuts: The chestnut is widely produced in Korea, the Hamchoong district in South Pyungan Province having the highest quality. The chestnuts are small but very tasty. They are dried for preservation.

Grapes: The grape is considered a luxury wherever it can be obtained. It is not only a delicious food but also the raw material for wine. The chief need for grape cultivation is a summer of considerable heat, lasting into September. This condition is easily fulfilled in Korea. The extreme monsoon climate of Japan, China, and India is not suitable but certain districts in the south of Korea are highly favorable. Recently the introduction of new foreign species has resulted in an increased production. Many varieties are grown and they have proved a remunerative crop.

Korea has a good soil for the raising of fruits, but the old native varieties, except for one or two, were not of good quality. Since the introduction of improved species the quality has become better and the quantity has increased. Because of the increasing demands of foreign countries the outlook for the Korean fruit industry is very promising. This foreign demand has already made Korea fruit

an important item of export. According to the census of 1921, the quantity of fruit exported was 52,594,305 pounds, and its value 935,617 Yen, of which apples brought more than half the total sum.

Main Fruit Productions.

(In Pounds)

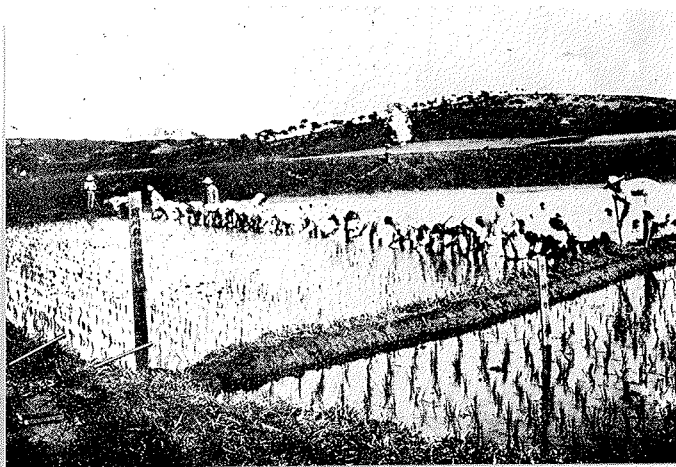
<u>Year.</u>	<u>Apples.</u>	<u>Pears.</u>	<u>Grapes.</u>	<u>Chestnuts.</u>
1919	13,986,116	18,707,178	2,266,774	20,971,686
1921	21,264,519	13,133,612	989,679	- -

Vegetables: Koreans eat more vegetables than meat. Hence many varieties are grown for home consumption. The climate and soil are favorable to a great variety of vegetables. The rather dry spring is not especially good for the seed, but the hot summers produce good melons. In the autumn, it is dry and cold and the late crops, both the leafy vegetables such as celery and cabbage, and the root vegetables are very good. As the winters are very cold, no vegetables can be grown in that season, except in the extreme south. It is, therefore, necessary to preserve vegetables for winter use.

Model farms were established in several places, and they did much good work by introducing a superior foreign species. The most common vegetables grown are: radishes, ginger, onions, garlic, lettuce, celery cabbage, spinach, watermelons, cucumbers, pumpkins, egg-plants, red peppers, peas, carrots, tomatoes, and turnips. Of these, radishes, celery cabbage, and melons are the most popular for making Korean pickles. The planting of better grades is increasing every year, and the production is not only enough to supply the demands at home but tends to furnish export to other countries.

Methods of Cultivation.

Agricultural conditions are very different from those in the United States, where a few people are scattered over a broad virgin land and there are over twenty acres for the support of each man, woman, and child. In Korea there is barely one acre per capita, and over half of that is uncultivated land and mountainous. The farms are small, ranging from one-tenth of an acre to five acres, and averaging about three and seven-tenths acres. The land is worked mostly by hand with the assistance of cattle and rude implements. These tools are, generally, a plough with a movable iron



Transplanting Rice Plants.



Ploughing.

Live Stock.

It is easy to understand why the people of the Orient are not meat eaters. In America the farms are large, a hundred or more acres each, while in the Orient farms consist of one or maybe two acres. The Korean farmer can not raise enough foodstuff for his family and therefore can only keep a few animals - pigs, cattle, and chickens - to which he feeds scraps and refuse.

Cattle: Cattle are not only an important source of income to the farmer, but are also a great help around the farm, being used in plowing, carting, and other labors. The beginning of the use of cattle as beasts of burden was back in the time of King Chijung, of the Shilla Dynasty, 500 A. D. Since that time cattle were regarded as a means of cultivation by the farmer and the public owned cattle were used by poor farmers during the season of cultivation. Regulations were made for the protection of cattle by a limitation of slaughter.

Korean cattle are of excellent stock. The body is big and strong enough to stand heavy burdens, and they are good natured beasts, easy to handle. The animal is not only ideal for farming but the flesh is very palatable, so that it is

highly valued as a source of both labor and food. Korean cattle differ in character and size in different regions. The breeds produced in the western and southern regions have a good reputation. For the feeding of cattle the main foodstuff is largely the by-product of farming - rice straw, and millet and green peas in summer.

As to the distribution of cattle, the number in comparison to population is greater in the north than in the south. There is still more area to breed cattle in north than is used at present, so that it promises to be a prosperous industry. From early days many types of cooperative associations have been organized in Korea for obtaining cattle. This will be discussed at length in the following chapter. The next table shows the comparison between the number of cattle and farming families, and the area of arable lands:

Comparison between Number of Cattle,
Number of Families, and Area of Arable Land in Korea,
At the End of 1921.

<u>Number of</u> <u>Cattle.</u>	<u>Population</u>	<u>Total Area</u> <u>(Sq.Miles)</u>	<u>Area of Ar-</u> <u>able Land.</u> <u>(Acres)</u>	<u>Farming</u> <u>Households.</u>
1,524,134	17,452,918	85,299	10,592,867	2,716,949

(Continued on next page - - - -)

- - - Table continued from last page)

<u>Number of Cattle Per Thousand of Population;</u>	<u>Number of Cattle per Square Mile.</u>	<u>Number of Cattle Per Square Mile of Arable Land.</u>	<u>Number of Cat- tle per Hun- dred Families.</u>
87.3	17.8	91.8	56.1

Source: Farm Stock in Korea, Published by Bu. of Ind.
in 1923, P. 4.

The feeding of cattle is increasing every year because of the increasing demands for export. Cattle increased in number from 700,000 head at the end of 1910 to over 1,600,000 head at the end of 1926. A test of five years has shown that the rate of increase is about 25,000 head per year. In 1926 38,000 head, valued at 4,000,000 yen, were exported. In the same year the by-products of the cattle industry - hides, fats, and wax, were valued at 4,000,000 yen.¹ The market price of bulls is about 100 yen and cows about eighty yen. The next table gives the number of cattle:

Number of Oxen and Cows.

	<u>1922</u>	<u>1923</u>	<u>1924</u>
Oxen	541,016	547,675	549,121
Cows	1,066,691	1,062,422	1,055,951

1. Economic Conditions in Korea, P. 85

Both bulls and cows are used in plowing but the former are more extensively used. Korean people know little of the use of milk or butter, and because of this there are few milk cows. However the use of dairy products is increasing, and milk cows now number over eight hundred head. The output of milk has reached 23,800 gallons.

Horses: Korean horses are of a poor quality, averaging less than four feet in height. In early days in Korea the stock of native horses was of good repute; they were raised in Hamkyung Province and Chaju Island in the south. These two breeds were fed in early days for military purposes. There were two kinds of pasture land established in several places for this purpose. One was called Naimok meaning the interior meadow, which was devoted only to grazing and grass growing. The other was called Oimok meaning exterior meadow, and consisted of fields, paddy fields, salt lands, and forest lands. At the latter part of the Yi Dynasty the horse breeding industry was neglected and the number of horses gradually decreased.

Recently horse breeding has been renewed because

of the need for the animals. An attempt is being made to cross Mongolian mares with Japanese stallions. A pasturage was established for this purpose at Nongok district, in Kangwan Province, in 1916. It has resulted in success and has made a new era for horse breeding in Korea. The Japanese government gave aid to this work by abolishing the duty on exported horses to Korea and by reducing transportation expense.

Number of Horses, Donkeys,
and Mules.

	<u>1922</u>	<u>1923</u>	<u>1924</u>
Horses	52,994	53,276	55,146
Donkeys	9,693	8,903	8,480
Mules	2,159	2,094	2,190

Source: Agriculture in Korea, P. 98.

Sheep: Prior to 1914 sheep were almost unknown in Korea. In that year stock was imported from Mongolia, and a sheep pasture started at Sampo, in Kangwan Province. Since 1919 this experiment has been successful. Cross breeding between

the Mongolian and foreign breeds has been accomplished and 2,114 sheep have been distributed through five provinces. In the experiment the rate of increase was eighty-eight to ninety-eight percent. The total number of sheep in Korea in 1926 was 24,918 head, and of goats 2,386 head.

Pigs and Poultry: The Korean farmer feeds only a few pigs and chickens for home use. The farmer now realizes that the feeding of pigs and poultry is a profitable sideline in farming. Encouragement of the work is carried on in various ways. For instance, assistance is offered by the government and also by corporations in selecting stock and in breeding.

Number of Pigs and Poultry.

	<u>1923.</u>	<u>1924.</u>	<u>1926.</u>
Pigs	1,172,128	1,129,928	1,220,679
Poultry	6,039,168	5,909,178	6,080,655

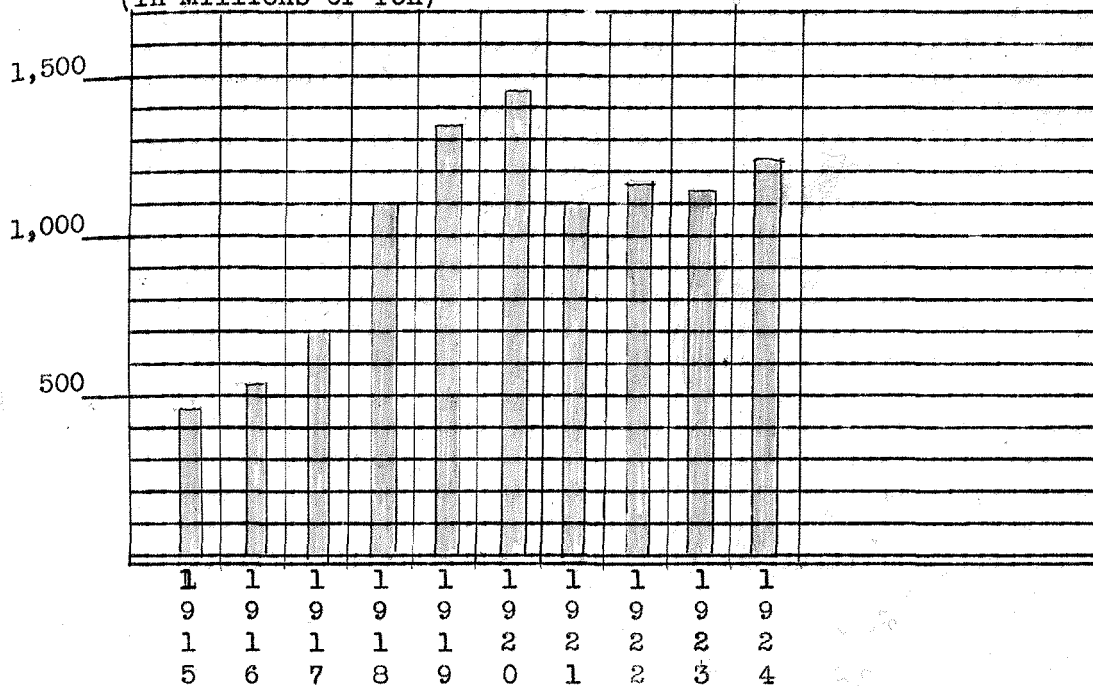
The Korean farmer is producing most of the foodstuff which he needs for his living. The farmer is not only a

producer of agricultural products but also an artisan; he makes some of the things he needs in his spare time. Before the introduction of machine textiles the weaving of cotton with a simple instrument was an important work to the farmer's wife. Now sericulture has taken the place of weaving in the home.

Winters are so cold that the farmer can do nothing out of doors. It is during this season that he carries on his subsidiary work. He manufactures bags and mats from rice straw, straw rope, shoes for marketing as well as for the family use. This extra line of work serves more than a mere fill-in for spare time; it adds considerably to his earning capacity. This subsidiary work is not as yet more than a winter's idle-time job, but it should be developed more thoroughly and at an early a date as possible in order that it may become a real help to the farmer.

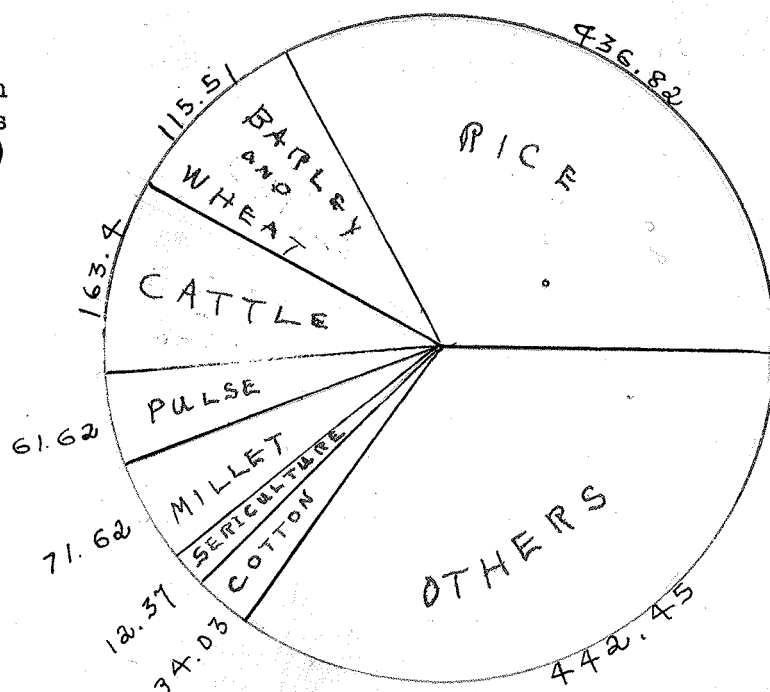
Comparative Valuation of Agricultural
Products - - 1915-24

(In Millions of Yen)



Distribution of Agricultural Products in 1924.

(Values in
Millions
of Yen)



CHAPTER IV

Ownership and Tenancy.

The Origin of Land Ownership: Common ownership of land is a phenomenon of primitive society. According to history the people of Korea have been engaged in agriculture since the beginning of Korea's national life. Records show that this industry was already well advanced in the period of KiJa Chosen (1122 B.C. to 193 B.C.) as they refer to both barley culture and sericulture. In connection with land ownership, the most interesting thing to recall from that time is the system of land division called "Chung jun system". This is the first division of land in Korea and it was an adaptation of the Chinese system. Historians have offered different interpretations¹ of this system but the true details are not known, as the only evidence is such as could be found in ruins of the capital of the KiJa Dynasty which were found outside the city wall of Pyeng-yang.

In a later period, under the Three Kingdoms (661 A.D) the monarchs had absolute control over the distribution of lands, and common ownership began gradually to disappear. Apparently feudalism was the prevailing influence in these

1. Hoon Koo Lee: A History of Land System and Political Policies in Korea(Unpub. Dr.Dstn. U.of Wisc.) P.5-14.

later days, for the law read: "No piece of land which is not the king's; and no single person who is not the king's man". Under such a system the king's discretion was final and he could make special grants of land to his personal favorites, as a reward for meritorious service in war or for any other cause that served the interests of his state. After the unification of the country under the Shinla Dynasty, the civilization was highly developed. King Shinmoon (698 A.D.), a product of broader ideals than his predecessors, attempted to reform the land system. He planned to divide the land among two classes; the upper, including the nobility and higher officers, and the lower or common class. Nobles and officers received land as payment for services rendered the king and this was known as "official land". It was cultivated by serfs or slaves, a system which would seem to resemble in many ways the English manorial system.¹ This developed the tenant system, which still prevails, by which crops were divided between the landowners and the tenants who cultivated the surplus land of the nobility.

1. J. A. R. Marriott, The English Land System, P. 25-36.

In the period of the Koryu Dynasty (1392 A.D.) the significant land system was that of the "official" or "bureaucratic" land. Under this system a certain amount of land was assigned to each official position in order that the officials who filled these positions might collect rent from the land for income. There was a rule by which the land so given an officer must be returned to the king at death or the termination of office; but this regulation became neglected in a later period of the Koryu Dynasty. The result was that the official land was sold as private land to new owners. It was in this manner that private ownership of land was established in Korea, with the result that the major portion of the land was exploited by a few members of the high, or official class. However a great reform of the land system was brought about by the founder of the Yi Dynasty of later Chosen (1430 A.D.), in which taxes were collected on private land. In the former Dynasty, no private land was taxed. In the later Dynasty no public land was taxed, but a tax was charged on private land.¹ During the long period of the Yi Dynasty the greater rulers attempted to improve the land system, but in the

1. An Investigation into the Practices of Tenancy in Korea, Published by the Provincial Office of Zenra Nan-do, Korea, 1924, P. 10.

late years of that same Dynasty conditions again became bad. The owner became the landlord and the occupant his tenant. This relationship really marked the beginning of private ownership of land.

Social Aspects of Ownership and Tenancy.

As already mentioned, the Korean landlord belongs to the upper class which is called "Yangban", and this for years has entitled him to hereditary privileges in recognition of his ancestors, loyalty to kings, or in short cultural distinction. The farms belonged to the common class; those who were engaged in agriculture, commerce, and in the manual arts. Therefore the ruling class consists of the landlords who dominate their tenants; while the tenants, or farmers, are recognized as an inferior class socially. This is changing somewhat now with the influence of democratic ideals and the disappearance of class distinction.

The landlord not only holds a high social position but he also controls the business part of his domain. The poor farmer must have tools, seeds, food, and fertilizer, during cultivation; he has no money so borrows from his landlord, who in turn charges him a high rate of interest,

often from thirty to forty percent, on the loan. Under such conditions the landlord also has strong power economically in that he controls the tenants of the country.

Because of the lack of funds, the benefits of schooling are available to a lower percentage of children whose parents are farmers than to those of other classes. The table following gives the number and percentage of children of the several classes found in the schools. These figures are taken from the Chunla provincial investigation held in 1922.

Total Number of Children in School in 1922,

Number from Each Class, and Percentage of Each to the Whole.

<u>Class.</u>	<u>Number of Children in Schools.</u>	<u>Percentage of Total Number of School Children</u>
Landlord	3,182	11 %
Owner-cultivator	6,759	23
Part owner-part tenant	9,784	32
Tenant	6,567	21
Laboring Class	1,300	4
Others	2,864	9
Total	30,456	100

Source: An Investigation Into the Practices of Tenancy in Korea, P. 116-117.

According to the foregoing it would appear that the part owner-part tenant held the first place, the owner-cultivator second, tenant third and landlord fourth. However when this statement is compared with the next one which shows the number of families in each of these classes, the actual percentage of school children in each class will be more evident, and the landlord class will be granted overwhelmingly the first rank.

Number of Families in Each Class
and the Percentage of this Number Whose Children
are in School. (Family of two children used as basis).

<u>Class.</u>	<u>Number of Families.</u>	<u>Percentage of Families Whose Children Attend School.</u>
Landlord	5,074	70 %
Owner-cultivator	61,546	9
Part owner-part tenant	144,016	1.5
Tenant	177,730	1.8

Source: An Investigation into the Practices of Tenancy
in Korea, P. 116-117.

Distribution of Ownership and Tenancy.

The total population engaged entirely in farming is 14,690,735 persons of which 14,641,524 are Koreans, 41,826 Japanese, and 7,370 Chinese. The arable land is of two kinds, the paddy fields and the dry fields. Of the paddy fields 1,345,050 acres are cultivated by owners and 2,508,800 acres are worked by tenants; of the dry fields 3,937,150 acres are cultivated by owners and 2,932,650 acres by tenants. That is to say 65.3 % of the paddy fields and 66.4 % of the dry land are worked by tenants, while only 34.7 % of the paddy land and 33.6 % of the dry fields are cultivated by owner-cultivators.¹

The land is well divided in the northern part of Korea. There is more cultivation by owner in the north, more by tenant in the south. In the four northern provinces 37.7 % of the farmers are owner-cultivators, and only 20 % are full tenants. In the eight southern provinces 13 % are owners and 50 % full tenants. In southern Korea there are more tenants than landlords because in this section there is a greater density of population and a larger area of land has been exploited by a few Japanese landlords. In the northern part of Korea the situation is quite reversed; there are more landlords and

1. Economic Conditions in Korea, P. 73

fewer tenants.

The ownership of the land has been steadily passing out of the hands of the Korean farmer. In the eleven years between 1915 and 1926 the total number of farmers had increased 4.7 percent but the proportion of farmers who are tenants, owning no land, had risen twenty-five percent or more than five times as rapidly, having increased from 36 percent to 48.8 percent of the total number of agriculturalists.

Changes in Land Tenancy

Over Eleven Year Period.

	<u>1915</u>	<u>1926</u>
Landlords	39,405	103,653
Owner-Cultivators	570,380	524,066
Part owner-Part tenants	1,073,838	892,624
Full Tenants	<u>945,398</u>	<u>1,185,674</u>
Total	<u>2,629,021</u>	<u>2,706,017</u>

The fact can not be denied that the economic burden of the farmer has become more difficult to bear. The farmers

constitute about eighty-one percent of the population, and of these seventy-five percent are either wholly or partly tenants. The economic position of the tenant varies with the region. The highest incomes and largest farm areas are found in the north. The smallest income in all three regions ranges from 201 to 340 yen. The details are given in the following table:

Comparison of Farm Area and Income

Therefrom (By Region).

<u>Region.</u>	<u>Average Farm Area. (Acres)</u>	<u>Range In Area . (Acres)</u>	<u>Average Income. (Yen)</u>	<u>Range In Income. (Yen)</u>
North	5.39	2.45 - 7.96	340.03	110 - 700
Center	2.57	.82 - 4.66	201.62	100 - 350
South	1.96	.61 - 2.94	293.57	150 - 500
Manchuria	7.35	6.37 - 7.84	324.50	300 - 358

Source: Rural Korea, Pp. 23-27.

These figures on income include all receipts from the farm as well as from any subsidiary industries, such as the manufacture of straw bags, shoes, rope, etc. The ques-

tion may be raised as to why the economic condition of the small farmer is becoming worse. The answer is this: the economic condition of the farmer is attributable to three factors: first, the high rent he must pay, second, the high rate of interest he is charged on the money he borrows, and third, the high taxes required of him, the sum of which always leaves him on the ragged edge of existence. The subject of taxes and interest rates on money will be discussed in subsequent chapters.

The Saum: The majority of landowners are of the absentee class. They are entirely ignorant of the condition of their land and often do not even know who is the tenant. The chief concern of the landlord is, of course, the income he obtains from his holdings. For the collection of rents and any other intermediate services, an overseer is appointed, known as a saum. This agent is paid on commission and therefore finds it to his advantage to require exorbitant rentals. He has the final word in this matter as well as in any other matters as far as the tenants are concerned, for their contact with the landlord is only made through the saum. He raises or

lowers rents, supervises the fields, and selects or removes tenants at will, and manages to get himself pretty much disliked by those who are subject to his tyrannies.

Following are three tables bearing on this chapter. The first gives the distribution of land among landlords of the several nationalities, and is taken from a report of investigation made on the burden of land taxation. The second table shows the number of farmers in each province, and the last gives the fluctuations in ownership and tenancy during the period between 1914 and 1923.

Distribution of Land by Nationalities.

1926.

<u>Area (Acres).</u>	<u>Koreans.</u>	<u>Japanese.</u>	<u>Other Foreigners.</u>
Over 245	391	542	2
122.5 - 245	1,689	676	2
24.5 - 122.5	48,642	4,515	63
2.45 - 24.5	1,170,431	23,300	269

Source: Economic Conditions in Korea, P. 75.

The Distribution of Farmers in Each Province.

<u>Class of Farmer.</u>	<u>Kyungki</u>	<u>North Choong- Chung</u>	<u>South Choong- Chung</u>	<u>North Chunla</u>	<u>South Chunla</u>
Landlord (Big) ¹	3,618	422	808	493	865
Landlord (Small)	7,917	3,466	4,291	2,558	5,474
Owner-cultivator	19,607	16,926	15,072	11,640	65,522
Part owner- Part cultivator	72,382	43,107	60,681	51,798	129,212
Full Tenant	<u>133,924</u>	<u>63,136</u>	<u>96,781</u>	<u>143,551</u>	<u>145,791</u>
Total	238,341	132,529	177,795	210,807	347,701

	<u>North Kyungsang</u>	<u>South Kyungsang</u>	<u>Whanghai</u>	<u>North Pyungan</u>	<u>South Pyungan</u>
Landlord B.	1,368	1,100	1,962	4,085	2,534
Landlord S.	8,724	6,216	8,697	13,141	9,189
Own-Cult.	66,583	40,941	36,625	37,072	34,460
P.O.-P.C.	129,074	92,165	66,626	42,771	63,641
Full Ten.	<u>125,916</u>	<u>145,027</u>	<u>114,654</u>	<u>77,999</u>	<u>53,352</u>
Total	332,334	285,449	232,138	188,119	168,505

	<u>Kangwan</u>	<u>North Hamkyung</u>	<u>South Hamkyung</u>	<u>Total</u>
Landlord B.	712	874	1,730	20,571
Landlord S.	6,061	3,458	4,790	83,982
Own-Cult.	58,135	46,706	75,677	524,966
P.O.-P.C.	72,317	13,909	50,141	892,624
Full Ten.	<u>54,145</u>	<u>4,817</u>	<u>26,581</u>	<u>1,185,674</u>
TOTAL	199,995	70,760	169,024	2,753,497

1. Landlord (Big) - owns land but does not cultivate.
 Landlord (Small) - cultivates part of land, rents remainder.

Increase and Decrease of Farmers.

1914 - 1923 (By Thousands)

<u>Year.</u>	<u>Landlord.</u>	<u>Owner- Cultivator.</u>	<u>Part Owner- Part Cultivator.</u>	<u>Tenant.</u>
1914	18	220	411	351
1919	34	197	393	376
1920	33	195	374	398
1921	36	196	366	402
1922	37	195	352	416
1923	38	195	345	422

Source: Agriculture in Korea, P. 145.

The Forms of Land Tenure.

The form of land tenure varies with the locality and the condition of the land. The most common form is that of crop-sharing. This system is carried out in either of two ways, by "estimation" or by "measurement". With this crop-sharing form, the rent is fixed on a percentage basis, generally fifty percent of the crop. Another form of land tenure is known as the "fixing" system and is frequently used in the leasing of dry fields but rarely in the case of paddy fields. The payment of rent is usually in the form of grain rather than cash.

Estimation System: Under this system, before harvest a careful survey of the land and crops is made by the owner, or his representative, and the tenant for the purpose of fixing the amount of rent. This method is largely applied to the paddy rice fields of the southern provinces. It is a system which is advantageous to the tenant when a fair agreement is reached between owner and tenant, or when there is a bad crop. But sometimes the actual amount of the crop is over-estimated and the tenant is the one who suffers from the arrangement. The landlord's motive for enhancing or exaggerating the value of rent lies in his hope to sell the land for a high price.

Under the estimation system, both the land tax and the expense of cultivation are borne by the tenant. If the landlord lives near the tenant, he accepts the rental payment in the form of the land's produce, but if the landlord lives at a great distance from his land, he expects the rental payment to be made in cash.

Measurement System: This system is largely adopted in dry fields. As the name implies the actual crop is measured and divided between the landlord and tenant equally. This form is used generally when the crop is

uncertain or the land not fertile. Under this plan four kinds of arrangements are used. First, the crop is divided equally between landlord and tenant, then the landlord should bear the burden of land tax and seed. Second, part of the crop is used to pay for the taxes and seeds, and the remainder divided between landlord and tenant. Third, the landlord pays the tax and the tenant buys the seed. In this arrangement the crop is usually divided equally. The rice straws are sometimes divided equally and sometimes given wholly to the tenant; or the landlord may pay for the seed and the tenant pay the taxes. In this case also the crop is divided equally. Fourth, the crop is divided between landlord and tenant before it is threshed and hulled; so the rice straws are necessarily divided also.¹

Fixing System: Under this system the amount of the rent is fixed definitely without regard to changes in amount or value of the crop. This rent is paid in the form of a portion of the crop. The tenant stands both the taxes and the expense of cultivation. This system is largely used in the case of royal and public lands and of dry

1. S. Kawada: Tenant System in Japan and Korea,
Kyoto University of Economic Review, 1926.
P. 54.

fields. Under this arrangement the tenants work hard because an increase of crop becomes their own profit. On the contrary in time of flood or bad harvest they often have difficulty in making the rental payment to the landlord.

These three systems of land tenure described above illustrate the rural economic status of Korea. There are other systems, less commonly used, such as the permanent, intermediate, and collective tenant systems. These are not generally characteristic of the country as a whole and are only employed in connection with a particular type of land or locality; The three systems more fully described are the common forms of land tenure in Korea. In some ways the Korean tenant method is still in a primitive stage and the farmer-tenants should be protected by law as the agricultural methods are not yet fully developed. The present is a time of transition. There is a general tendency towards the adoption of the fixing system, because the landlord realizes that through this arrangement he can force the tenant to work harder and produce larger crops. In the table on the next page will be shown the different types of tenant systems which are used in the various provinces.

Three Systems for Calculating Rentals

Used in Different Provinces.

(By Acreage)

<u>Province.</u>	<u>Estimation System.</u>	<u>Measurement System.</u>	<u>Fixing System.</u>
Kyungki	4 %	66 % Paddy 40 % Dry	30 % Paddy 60 % Dry
South Choongchung	23 %	45 % Paddy 11 % Dry	32 % Paddy 9 % Dry
South Chunla	76 % Paddy 1 % Dry	7 % Paddy 42 % Dry	17 % Paddy 57 % Dry
North Kyungsang	60 %	20 %	20 %
South Pyungan		78 %	22 %
North Pyungan		95 %	5 %

Source: An Invest. into Pract. of Ten. in Korea, P. 130.

Tenant Contracts.

The tenant contract, which is the agreement between landlord and tenant, is varied in form. Sometimes agreements are in writing and sometimes merely verbal. The verbal contract has been most frequently used when the landlord and tenant live near each other. The agreement is simply the securing of the rights of the tenant. Such important factors for instance as the fixing of the rent,

the period of tenancy, and the date for payment of rent, are largely influenced by the customs of the particular locality. There are two kinds of written contracts, one being an ordinary formal agreement, the other known as the tenant note or the tenancy transfer note. It is so simple that it can hardly be called a contract. It does not contain any specific condition of tenancy, but merely states the name of the tenant who is entitled to till a particular field, more like a permit given by the landlord to him who shall cultivate his land. Most of the contracts lack specific provisions regarding the rights of the tenant in case of transfer of property. In recent years however, many tenants' disputes have arisen, thus encouraging written contracts which itemize the rights and responsibilities of the tenants and landlords.

The written contract is becoming more common, containing the following provisions:

1. The location of the land.
2. The kind of field and acreage.
3. The amount and form of rent.
4. The period of land tenure.

(List continued on next page - - -

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5. Date on which rent is to be paid.
6. Place where rent is to be paid.
7. Restrictions as to kinds of crops that may be produced.
8. Tenant rights in the event of transfer or sale of property.
9. Nullifications of contract within specified period.
10. Penalties for non-payment of rent or debts.
11. Guarantees.

In the majority of cases the period of contract is from three to five years; sometimes it is as long as ten years and again it may be for only one year. In such localities where old customs prevail the nominal period of one year is in practice, with indefinite extensions, sometimes lasting for twenty or thirty years and even for two or three generations.

Nullification of contracts may be caused by the following conditions: (1) when the tenant fails to pay the rent or fulfill other obligations imposed by the agreement, (2) when the tenant fails to cultivate the land in accordance with the owner's wishes, (3) when the tenant sub-

lets the land or sells his tenant-right without the landlord's consent, (4) when the tenant, without the landlord's consent, transforms or damages the property.¹

In some cases it is the tenant who wishes to have the contract nullified. His reasons usually are sickness, scarcity of workingmen, desire for vacation, or change of locality. Then too, ill feeling sometimes arises between landlord and tenant which results in the breaking of the contract.

Should the landlord wish to nullify the contract at a time later than the day of Chunbun (in January), the tenant has a right to demand compensation either from the landlord or from the new tenant. However relations between landlord and tenant are regulated largely by the custom which tends to operate in favor of the landlord, so the rights of the tenant are not greatly safeguarded.

Rental Payment for Land.

In the discussion above, the three systems of land tenure have been described, namely: estimation, measure-

1. Tenant System in Japan and Korea, P. 61.

ment, and fixing systems.

For the paddy fields generally forty or fifty percent of the crop is levied as a fixed rent; for the dry rice fields the rent is fixed at either thirty or forty percent of the crop, or of the estimated value of the field. The rental payment for rice paddy fields is usually in the form of rice, and sometimes in the form of other farm products; but the rental payment for dry fields is rarely made in the form of farm products, but frequently in cash. In South Chunla ninety-eight percent of the rent is paid in the form of agricultural products, the remainder in cash. In the case of dry fields in this same district, fifty-eight percent of the rent is paid in kind, two percent in money and forty percent in substitute products, such as tobacco, paper, cotton, etc. ¹ The nature of the field usually determines the form and amount of rent. Some landlords do not charge any rent for the second crop but require instead either a higher rent for the first crop or that the tenant pay the land tax.

The following figures show the ratio of the rent to

1. An Investig. into the Pract. of Ten. P. 207.

the crop in the province of South Chunla. These figures are the result of an official investigation, this province being used as a unit.

<u>Rent.</u>	<u>Maximum.</u>	<u>Minimum.</u>	<u>Ordinary.</u>
Fixing System	60 %	35 %	40 - 50 %
Measurement System	50 %	50 %	50 %
Estimation System	65 %	40 %	50 - 60 %

In the other provinces the rental payment for rice paddy fields varies from thirty to seventy percent, the average being about fifty percent. From this it can be seen that the rent for dry fields is lower than that for paddy fields. In some districts however the maximum rent paid for dry fields is as high as seventy or eighty percent, while the minimum is about thirty percent, and the ordinary amount forty or fifty percent. This great variation is due to the fact that the crop from dry fields is regarded as being more valuable in some districts than in others.

If we consider the ratio of rent to the price of land, it will run about ten or fifteen percent. The price of the

field is determined by the amount of rent taken together with the prevailing rate of interest. The prevailing rate of interest in Korea is usually between ten and thirty percent. So the ratio of rent is still low in comparison with the interest on money.

The following table deals with conditions in southern Chunla in 1921:

<u>Rent .</u>	<u>Sale Price of Fields. (per Acre)</u>	<u>Amount Of Rent. (per Acre)</u>	<u>Ratio.</u>
Fixing System	600 Yen	60 Yen	10 %
Measurement System	600 Yen	88 Yen	15 %
Estimation System	480 Yen	60 Yen	12.5 %

In recent years rental prices have been taking an upward trend. This is due generally to improvement in cultivation methods, the perfection of means of irrigation, development of transportation and communication, and the rise in the price of commodities.

An investigation conducted in northern Chunla indicates an increase in rents. Three causes have been pointed

out in a government report:¹ (1) rents have been raised in order that land may be sold at higher prices; (2) there was government restriction on the raising of rent before Korea was annexed to Japan, but this has been lifted; (3) the farmers need the land regardless of the price of rent required.

Under such conditions the tenants had great difficulty in earning a livelihood. Unprotected by law, they were forced to work hard throughout the year for their landlords. If the tenants had not submitted to the existing system, there would be no tenant question in Korea.

The Tenant Problem.

The tenant problem is a vital issue throughout the country. In early days no ill feeling existed between landlord and tenant. But at the present time the tenants are no longer willing to accept their dependent position. Now they are beginning to demand the rights which they surrendered so long ago, and are becoming imbued with democratic ideals.

1. Tenant System in Japan and Korea, P. 67.

The present economic situation is so oppressive on the tenant that he demands its reform. More than seventy-five percent of the agricultural class are tenants. Their income is too small to support their families, and as a result, eight-tenths of the small farmers are in debt to the landlords. While the usual division of crops between landlord and tenant is on a fifty-fifty percent basis, yet the tenant is often required not only to supply all the labor, both of man and beast but also seeds and fertilizer and to pay the tax as well. Then too, the landlords frequently expect gifts from their tenants. The agents of the landlords also expect similar attentions.

An investigation in connection with disputes between landlord and tenant in South Choongchung Province, shows that their number reached 176 cases in 1922. The causes of these disputes were largely removal of tenant's rights or unreasonable increase in rent.

Realizing that his problems are usually solved in favor of the landlord, the tenant now endeavors to solve his questions through organized effort. Many types of organization have been established for the purpose of pro-

moting his welfare. Some bring direct pressure upon the landlord and some try to achieve their end through cooperation with him. The majority of cases in which conflict arises between landlord and tenant revolve about the question of the amount of rent, the period of time for contract, or tax payments.

This rural economic problem is not peculiar to Korea but is one that is faced in other parts of the world. The Korean tenant has little legal protection. Such contracts as are made by him with the landlord usually benefit only the latter party. The tenant takes always a speculative risk as to the period of tenure and the amount of rent. As a possible remedy for this state of affairs a committee or board should be appointed for the purpose of settling these questions. In most cases the conflicts between tenants and landlords are caused by the unfair eviction of tenants. If such cases were handled by a board the results would be beneficial to both parties.

However, a better method of solving this question is the encouragement of the ownership of land through

cooperative associations and credit banks. In this way the small holding plan used in many European countries could be successfully adapted to Korean needs. Under this system the farmer could borrow from the cooperative association or bank, purchase his land and repay the debt in instalments. In many parts of the world large farms are more efficient than small farms. In Korea, however, because of her geographical conditions and agricultural methods and needs, the small holding is better. Ownership spurs the zeal of the farmer, encourages thrift and saving, dignifies his occupation, and inculcates a love of the soil; in other words - makes for efficiency.

CHAPTER V

Agricultural Credit Organizations.

General Financial Structure: Before taking up the main theme a brief discussion of the banking systems in Korea will be necessary. The modern banking system was first introduced in 1876, when the Dai Ichi Bank of Tokyo established a branch at Fusan in Korea. Later, the Juhachi Bank of Nagasaki was opened with branches at Wonsan and Chemulpo, chiefly for the purpose of transacting business for the Japanese in Korea. The first attempt on the part of Koreans to establish a bank was in 1899 when the Chunil Bank was founded. A second Korean bank opened in 1903, the Hansung Bank, and a third, the Hanil Bank, in 1906.¹

After the Russo-Japanese War the economic conditions of Korea were steadily improving and a rapid development of the banking system took place. The government, in 1906, established the Industrial and Agricultural Bank with six branches in the more important towns, with a total capital of 1,600,000 yen.

In 1907 a rural credit association was organized under

1. Economic History of Korea and Manchuria During Ten Years, Published by Bank of Chosen. 1919. P. 21.

government supervision and guidance to facilitate the granting of credit to farmers. The Bank of Korea was founded at Seoul in 1909 as a central bank. It started with a capital of 10,000,000 yen. After the annexation by Japan the bank changed its name to the Bank of Chosen. The capital had increased to 80,000,000 yen in 1920 but this was reduced to one-half. Its sphere of activity was not confined to the peninsula, for many branches were opened in Manchuria, northern China, Siberia, and New York.

Korea has a number of domestic banks, founded and controlled either by Koreans or Japanese. These may be classified as follows: ¹

1. Central Bank	- - -	Bank of Chosen.
Capital		80,000,000 Yen
Branches		10.
2. Industrial Bank	- - -	Industrial Bank of Chosen.
Capital		30,000,000 Yen
Branches		52.
3. Commercial Banks	- -	16 Commercial Banks in Korea.
Capital (total)		32,275,000 Yen
Branches		73 (founded and controlled wholly and independently by private Koreans and Japanese).

1. Hand Book, published by Government in 1925, P. 139-145.

4. Rural Credit Associations - - Associations for farmers controlled by Japanese.
5. Savings Banks - - - - - There were no savings banks in Korea until 1929. For small savings of the general public Commercial and Postal Savings Banks were used. However in 1929 the Savings Bank Act was established.

As has been shown above, Japanese banks were established even before the annexation of Korea by Japan. Since 1910 the Japanese banks have been constantly increasing, both in number and in resources. It is now an established fact that the banking machinery in Korea is controlled by the Japanese. According to the report of the Bank of Chosen in 1922, there are in Korea twenty-five banks with one hundred and twenty-four Branches, besides four hundred and seventeen rural credit associations. Of these there are three Japanese banks having headquarters in Japan with fifteen branches in Korea, and nine having their main office in Korea and seventy-five branches in the various cities.

In 1922 Japan controlled forty-eight percent of the banks in Korea, seventy-five percent of the branches and

eighty-two and four-tenths percent of the capital, or about 123,490,000 yen. The total capital was 147,450,000 yen. More than sixty-six percent of all the banks, main and branch, have been founded and are controlled by Japanese; and eighty-two percent of the total capital of Korean banks is held in Japanese banks.¹

Agricultural Credit: Agriculture being the main industry in Korea, a large amount of capital is needed for its development; but the supply as yet is much less than the need. There are three public institutions which grant credit, namely: The Oriental Development Company, The Industrial Bank of Chosen, and the Rural Credit Association, all three of which are operating directly or indirectly to extend credit to the farmers. Operations of these organizations will be explained in detail in the succeeding paragraphs. The money from these sources has been largely loaned to the big enterprises such as the reclamation of waste lands, dams, and irrigation; a comparatively small amount is used for improvement of agricultural products, methods of cultivation, or manufacture of agricultural products.

1. K. C. Lee: The Banks of Korea, P. 15.
(Unpub. Master's Dstn. mns. Col. U. 1925).

The reason for this favoritism to the big enterprises lies in the fact that Japan, who controls the money, is facing a problem of food supply for her excess population and is taking this method to encourage increased production of rice and other grains in Korea. In July 1917, the governor-general of Chosen promulgated a new regulation for improvement in the methods of reclamation of waste lands. Since 1920 the government has given subsidies ranging from twenty to thirty percent of the total expenses of the work. This business is undertaken mostly by Japanese investors and corporations under the regulation of water utilizing associations. Funds for this enterprise are obtained from the Oriental Development Company and the Industrial Bank of Chosen by long-term notes.

The agricultural credit associations extend the loans for development of agriculture in Korea, but in characteristic manner they offer assistance to the big enterprises and the small farmer still has difficulty in borrowing money for his own use. In other words, there is no agricultural credit association to assist the small farmer, and this is a matter of the greatest importance.

According to a recent investigation of the various kinds of banks, the loaned money was estimated at 339,610,000 yen of which the agricultural loan was 94,660,000 yen, manufacturing loan 9,270,000 yen, commercial loan 181,920,000 yen, and miscellaneous loans 53,750,000 yen.¹

Oriental Development Company.

The Oriental Development Company (Tovo Taksoku Keisha) was the result of Japan's determination to colonize Korea. It was the first, and is the only organization of its kind that Japan established. It was the initial step in a program of systematic colonization conceived by the Japanese in 1905, the year that Japan declared herself protector of Korea. No pains were spared in forming this program. The Japanese resident-general invited experts, among whom were Dr. Masao Kambe, Hatchiro Mine, and Dr. Seizo Ito, to study the situation and map out a workable plan. In 1908 a bill was passed in the Japanese Diet and that same year the Oriental Development Company was established.

The company was formed ostensibly as a joint enter-

1. Economic Conditions in Korea, P. 59.

prise between Korea and Japan, with a capital of 10,000,000 yen. Half of this was asked of the old Korean government and was paid in the form of 25,046 acres of reserved land. This in fact was preferred by Japan. She did not want money but control of the reserve lands. The Japanese authorities, in order to push the project, explained that it would be the means of improving agricultural conditions in Korea and the joint-stock idea was simply a technical approach for asking the donation of land.

The headquarters of the company are in Tokyo, with many branches scattered about Korea. In 1917 a change was made; the capital of the company was increased five-fold and the activities were extended to Manchuria, China, and Mongolia.

According to the report in 1924, this company made loans in that year to the amount of fifty-five million yen in Korea, seventy-two million in Manchuria, and ten million in north China besides twelve million in the South Sea Islands.

Under the new regulations of the company its main activities are as follows:

1. To supply the necessary funds for colonization.
2. To supply the necessary funds for exploitation, such as the reclamation of land and the management and control of land necessary for exploitation.
3. Construction, sale, purchase, and rental of buildings necessary for Japanese emigration.
4. Collection and distribution of Japanese settlers necessary for colonization.
5. Supply to settlers and Korean farmers, articles necessary for exploitation of the land as required by them.

The company has been engaged from the beginning in many industrial enterprises in cooperation with the government, and has rendered great service in the colonization of Korea. The following figures show the operations of the company in 1918: ¹

Capital - - - - -	20,000,000 Yen. (12,500,000 paid)
Reserve Fund- - - - -	729,500 Yen.
Debentures Issued - - - -	40,944,617 Yen.
Subscriptions and guarantees for stocks and debentures - - - - -	6,475,500 Yen.
Loans - - - - -	32,914,386 Yen
Profit - - - - -	1,449,385 Yen.

1. Economic History of Korea and Manchuria During Ten Years, P. 118.

There are two kinds of loans: the long-term loan, including those to be amortized by annuities within a period of less than fifty years; and the short-term loan, redeemable at any fixed period within five years. At the end of 1918 the total amount loaned reached 31,627,906 yen, exceeding the previous year by 21,196,204 yen. Of this amount 17,661,527 yen was placed in Korea. The loans are classified as follows: agricultural, public works and mines. The following table shows the division of money between these groups. ¹

<u>Purpose.</u>	<u>Number of Loans.</u>	<u>Amount (Yen).</u>
Agriculture	3,175	9,668,000
Public Works	258	5,015,000
Mines	11	2,500,000
Miscellaneous	96	477,000

As the company has expanded loans have increased annually. In 1924, 5,578 loans, amounting to 51,480,743 yen were placed, largely for improvement of land, irrigation, dams, and reformation of agricultural methods. ²

1. Econ. Hist. of Korea & Manchuria Dur. Ten Yrs., P. 117.

2. Hand Book in 1926, P. 317.

The amount of land owned by the company in 1910 was 31,887 acres, which increased to 208,250 acres in 1925. The company has exploited lands in various ways: first, from the confiscation of public land, second by purchasing land at low prices, and third by foreclosure on mortgages on property of Korean farmers. It is surprising to know how many Korean farmers have mortgaged their land with the company.

Land owned by the company has been sold to Japanese settlers on the instalment plan. The rest of the land includes that used for model farms and forestry and that cultivated by Korean tenants.

Another remarkable feature is that the Japanese immigrant has such great help and facilities under the company's guidance and protection; obviously the reason is to encourage them to settle in the peninsula. They are given two kinds of help from which to choose. The first is a grant of less than four and nine-tenths acres of land per family, value of which should be paid back to the company, in instalments at six percent interest, within twenty-five years. The other grants less than twelve and a quarter acres to a family, one-fourth to

be paid on possession, or settlement of contract, and the remainder at seven percent, to be repaid by instalment within twenty-five years.

Among the many inducements offered these settlers are: half-fare tickets and travel expenses on the railways and steamship lines, a house to live in, and the price of seeds, seedlings, manure, fertilizer, tools, and other necessary equipment. In 1924, 3,845 families settled in Korea and owned 20,271 acres of land.

Industrial Bank of Chosen.

The first agricultural and industrial bank in Korea was established in 1907 through the efforts of the former Korean government. At that time the Korean government lent money to the banks without charging any interest in order to encourage the development of agriculture and industry throughout the peninsula. There were originally eleven main banks and fifteen branches, but later the number of main banks was reduced to six, while that of the branches increased. The original combined capital was 1,600,000 yen. These agricultural and industrial

banks were established at various important points in Korea for the purpose of meeting the financial stringency of different localities, at the time when the finances of the old Korean government were being readjusted. These banks were extending funds for agricultural credit successfully.

In spite of the fact that these banks were succeeding the Industrial Bank of Chosen amalgamated the six existing agricultural and industrial banks in 1918, taking up and continuing the business described. Since this readjustment the capital was increased to 10,000,000 yen and still later to 30,000,000 yen, of which one-half has been paid up. The number of branches through the country is fifty-two; the number of shares, 200,000.

The agricultural and industrial bank was operated mainly for agricultural and manufacturing interests, but the Industrial Bank of Chosen extended its business into various other fields. Its activities may be divided into four groups: industrial credit, public credit, ordinary banking business and deposits.

The loans are made as follows:

1. - - - Mortgages on real or immovable property or the rights connected therewith; to be repaid in thirty annual payments or any fixed period within five years.
2. - - - Loans without security to a group of ten or more agriculturalists or industrialists; to be repaid in instalments.
3. - - - Loans without security to public bodies of a non-profit making nature.
4. - - - Loans to Rural Credit Associations or to fishing unions.
5. - - - Chattel mortgages on goods or raw materials for manufacture.
6. - - - Loans on the security of bonds and debentures.

Under the running business in 1927 the issue of debentures reached 162,500,000 yen; deposits, 66,600,000 yen, and the total amount of loans, 219,800,000 yen, of which 100,000,000 yen went to industrial development, 74,000,000 yen to public works, 41,000,000 yen to commercial loans, and 4,000,000 yen for miscellaneous purposes. One-half of the total funds loaned are applied to agricultural interests: improvement of land and water works, and improvement of agricultural methods.¹

The Oriental Development Company stands behind the Industrial Bank of Chosen, though it is not actually connected with it, and is always ready to lend financial assistance when needed. The capital of 47,000,000 yen was loaned to the Industrial Bank of Chosen in 1927.

Like other real estate banks, the Industrial Bank of Chosen secures its capital for loans by issuing debentures, as well as by receiving deposits. The maximum limit for the amount of debentures is a sum equal to fifteen times the paid capital. The total amount of the bank's debentures, up to its thirtieth issue, was estimated to be 133,600,000 yen, of which 20,000,000 yen was subscribed by the savings section of the Department of Finances; and the remaining sum was either publicly subscribed or taken over by other banks.

Local Credit Associations.

This organization was established in 1907 by the former Korean government for the purpose of aiding the small farmer. The main function of the association was to make it easy for members to obtain capital on low interest and

to assist in the general economic development . In 1918 the regulation of the Local Credit Associations was changed and another kind of association was established. Formerly the local associations had business not only with farmers but extended credit to merchants and small industrial houses in the cities. According to report, in 1927 the Local Credit Associations number 549, including fifty-nine urban associations. The total number of memberships was estimated at 481,000, which is equal to ten percent of the total number of householders.¹ Originally, the function of the organization was to extend credit to the small farmer, but this has been extended in various ways, as will be shown. The following list shows the purpose for which the association is operating:

1. - - - To make loans to members for necessities in their economic development. In the case of the urban associations they discount notes.
2. - - - To receive deposits from members.
3. - - - To supply necessary materials, make joint purchases, and to sell the produce of members.
4. - - - To store products of members and issue storage certificates.

(List continued on next page - -

1. Economic Conditions in Korea, P. 60.

- - List continued from last page)

5. - - - To receive deposits of non-members (with the permission of the Governor-General of Chosen).
6. - - - To act as agent for their banks (with permission of the Governor-General).
7. - - - To readjust local finances, under the order of the Governor-General.

The Local Credit Associations are thus under the direction of government authorities, and even the directors are selected by the government. This characteristic is greatly different from similar organizations in other countries. In the case of the village associations, government subsidies are allowed as a foundation fund ranging from 6,000 yen to 10,000 yen. This is because these organizations can not operate on funds subscribed by members alone. All urban credit associations which were established after 1918 are to receive loans at low interest rates from the government. These loans may be from 30,000 yen to 50,000 yen. None of the associations may obtain subsidies from the national treasury.¹ According to the report of the Local Credit Associations

1. The Agricultural Credit in Korea, Economic Review, Kyoto University, 1927, P. 105.

in 1927, the actual operations are as follows:

Capital - - - - -	9,500,000 Yen
	(6,800,000 Yen paid up).
Account to Government -	3,420,000 Yen
Various Reserved Funds	9,680,000 Yen
Borrowed from Banks - -	39,350,000 Yen
Deposits - - - - -	55,450,000 Yen
Loans - - - - -	85,600,000 Yen.

According to figures for 1924, loans were made in the amount of 58,382,114 yen by credit associations, of which sixty percent was for agriculture, twenty-three percent for industry and fifteen percent for fisheries. Though the Local Credit Association was originally for the relief of the small farmer, loans are constantly granted to the land-owner and the small farmers are excluded. The maximum amount of a loan to one member is two hundred yen, from a rural association, and one thousand yen from an urban association. Security is not necessary but two sureties are required for a loan. In special cases a member can secure as much as five hundred yen if he needs the

money for the purpose of agricultural improvement, such as purchase of land, improvement of land, etc. Also, a member of an urban association may obtain as much as three thousand yen if the funds are used to establish a shop or construct a factory. For these special loans immovable security is required, and payment within fifteen years, or five years in annual instalments.

Interest rate on loans extended by the credit associations to their members is, in the case of short-term loans, four and one-half sen per diem, and in the case of long-term loans, fifteen percent per annum. In the case of secured notes, the rate is four sen per diem. When loans are to be granted without security, two surities are required. Cries have been raised against these high rates.

For the purpose of centralization of the Local Credit Association, thirteen federations were established, one in each province of Korea. The federation

is in position to guide and supervise the Local Credit Association and also to supply the necessary funds. The federation is directed by government authorities and the officers are selected by the Governor-General. The federation can borrow money under special arrangement from the Industrial Bank of Chosen, and from the government.

There is another way in which the poor farmer may secure loans, and that is from the ever present private money lender. The majority of the farmers can not furnish satisfactory security to the established associations so he turns to the money-lender for money to buy seeds, fertilizer, and food. These usurers live in the villages or towns, being in some cases, the landowners, and in others the merchants.

According to investigation in 1925, there were 3,220 usurers, 2,059 Korean, 1,150 Japanese, and eleven other foreigners. The total amount of loans for the year amounted to 31,561,000 yen.¹ Note that the total loans by usurers is 36.9 percent of the total loans of credit associations, which was 85,600,000 yen. It is

1. Economic Conditions in Korea, P. 65.

unbelievable - the cut-throat rates which are charged by these private usurers! Interest rates are classified as follows: on secured loans, the interest rates are 3.2 percent per month; on loans for personal credit, four percent per month. The security used is land and houses. This is one of the ways in which the small farmers fall into debt and lose their property by foreclosure.

Criticism of the Agricultural Organizations.

In the foregoing the three agricultural credit organizations have been described: the Oriental Development Company, the Industrial Bank of Chosen, and the Local Credit Association. These institutions have the usual characteristics found in agricultural credit associations. They are investment houses that extend credit to agricultural enterprises.

The Oriental Development Company is supposed to take care of the larger loans, for the big business, such as water works or other agricultural enterprises of

the broader nature; whereas the Industrial Bank of Chosen is to look after the lesser business and to back the Local Credit Associations, extending loans at a lower rate. In this way the two organizations can work harmoniously without interfering with one another.

It is pretty generally known that all three of the organizations have business of a more interesting nature than merely that of helping to improve the condition of the farmers. It has been proved that both the Oriental Development Company and the Industrial Bank of Chosen are giving large loans to capitalistic bodies. Even the Local Credit Associations are known to have only a minor interest in the promotion of the small farmer. These facts could not be denied when the following figures were exposed. The table on the next page shows the distribution of memberships in the credit associations among the four classes of farmers. It is quite evident that loans have not been primarily to the small farmer.

Memberships in Rural Credit Associations,
in 1925 (By Families).

<u>Class.</u>	<u>Total Number Of Families</u>	<u>Number holding Membership.</u>	<u>Percentage holding Membership.</u>
Landlord	103,567	74,843	72 %
Owner-Cultivator	544,536	126,351	23 %
Half owner- Half tenant	910,178	112,599	12 %
Tenant	1,143,422	25,834	2 %

The credit associations are a group of capitalists who hide behind the import of their business title, which carries a pleasing sound to the ear of the farmer who needs money. As a matter of fact they are more of a hindrance to the farmer than a help. Their requirements for loans have been set at a mark which the little man can not reach, and automatically exclude him from the benefits. Instead the landlord and merchant get the money. These in turn, under the name of private money-lenders, or so-called usurers, lend the money with less security but exorbitant interest rates, to the small farmer. This middle group consists of both Koreans and Japanese.

Another defect in the organizations is the high rate of interest required. This interest rate question has become a vital problem in the development of Korean industries. The table below gives a resume of legal rates permitted:

1. - On sums up to 100 Yen - - - 30 % or less.
2. - On sums up to 1,000 Yen - - 25 % or less.
3. - On sums above 1,000 Yen - - 20 % or less.

Because of the attractiveness of the profit from these high rates Japan is quite willing to send her money for exploitation. At the end of 1926, the total expenditures on all of these enterprises was counted to be over 81,920,000 yen. This work of economic development is largely carried on by Japanese investors and corporations, who can borrow their capital from either the Oriental Development Company or the Industrial Bank of Chosen at the low rate of from eight and one-half to thirteen percent.

A third objection to the Rural Credit Associations is the fact that they are government managed. So that the governor-General of Chosen is the high priest of finance and directs all of the moneys. This is distinctly

different from similar organizations in other countries where private interests are democratic. The cooperative associations, governed and directed by farmer-members, have long been successfully operating in other lands, and are a prominent factor of the European systems. In Korea the organizations, government controlled and managed, have ignored the small farmer and managed to squeeze him out of any of the benefits therefrom. This is shown quite plainly in the fact that memberships in these organizations only number ten percent of the total number of householders. The problem now, is to make these associations cooperative, self-governed organizations.

Is it odd that all small farmers are in debt? They have borrowed from usurers whose interest rates are so high that they can never pay on the principal of the loan. An investigation revealed a case in which a farmer whose income was 294.52 yen paid out 36 yen, or approximately 12.2 percent of his income, in interest. Another case cited was that of the village of H----. In this village were thirty-five families, six of which had no

debts and the remaining twenty-nine were all indebted. The total amount of these debts was 3,445 yen, running from ten yen to five hundred yen, and averaging 137 yen per home. Thus it will be seen that the usual condition of the Korean farmer is a lack of available capital.

There are five hundred credit associations distributed throughout the peninsula, or one to each five counties. Membership in these institutions number about 335,000 which is approximately one-tenth of the total number of householders (3,308,000). It is quite evident that the number of associations is not sufficient to serve the agricultural population.

Necessity for the Establishment of
Rural Credit Unions.

What can be done to rescue the small farmer who is surely sinking in a sea of debt, lashed by the waves of exorbitant interest rates? A line may be thrown him through the organization of a new kind of credit union. More capital is essential for him to keep abreast with

the rapidly developing methods of cultivation and the increase in the manufacture of agricultural products. At this point the writer would like to suggest a new type of organization, to be called "Rural Credit Union". The writer is confident that this kind of union would be suitable to Korea's peculiar needs, improving the small farmer's economic condition. As mentioned already, the small farmers are excluded from the facility of the present agricultural organizations because of unfair administration of the organizations and because of the small number of organizations existing. Under such circumstances this type of rural credit union should be established by which the small farmer could get credit conveniently.

The problem must be carefully studied as the future development of the organizations shall take the form of Raiffeisen type or the Schulze type or simply the people's bank. The Raiffeisen plan seems more desirable as it is more practicable in a rural country. The Korean village is one of the most characteristic

features of Korean social organization. The village is a unit of district organization and where a group of farmers reside. There are about 2,503 villages throughout the peninsula. It would be desirable if one or two villages could have a local credit union between them for the improvement of their own community.

The object of this rural credit union would be to give credit to members on favorable terms and at low interest rates, and not to make a profit. Funds of the credit union should be made up of contributions from members. Money should be loaned only for proper purposes, such as improving the farm, purchasing seed, tools, or livestock. The union should also cooperate in joint purchase and sale of products for members, and in promoting the welfare of the community. Further: - this organization would have the responsibility of promoting economic as well as moral life in the community. When a local union is in need of larger funds they should be raised among the members or borrowed from a central bank established for the supervision of the local unions.

One central agricultural credit organization would be necessary to supervise and conduct the business of the

local credit unions. The function of the central organization should be that of handling funds deposited by members and the extension of credit to the local unions at low rates and convenient terms. There might also be branches or district offices to supervise a small area of village unions.

If such a credit union is established in each village, the organization will be simple to manage as it will be friendly and familiar to the community. The administration could be divided into three parts: a committee on management, a council for supervision, and a general council. The first two should be appointed by the last named. The executive work could be carried on by a treasurer who is on the committee. Conduct of business should be intrusted to the committee on management, members of which should be selected from the best educated persons of the community such as school teachers and business men. These officials should serve gratuitously.

The Korean farmer is very poor individually, and not yet able to stand on his own feet. He needs assistance and it would seem that such a credit union would be exactly the source from which it should come. It is the only way to relieve the farmers who are gradually falling into insolvency. This class of organization could provide the means of true economic improvement, thereby increasing its own usefulness and value until it became eventually self-sustaining. For the creation of these unions the landlord and small farmers should cooperate for the mutual benefit of each. It is sincerely believed that the Korean farmer will be saved from his present distress, at some time, and by the means of a cooperative association such as the Rural Credit Union.

CHAPTER VI

Taxation of Land.

Historical Background of Land Taxation.

For many centuries land tax has been the source of extensive revenue in Korea. Consequently it has played an important role in the development of the national life of the country. Inadequate records make a study of the early tax systems unsatisfactory; however those relating to the period of the Three Kingdoms are available. The system of taxation was always changed with the entry of a new dynasty, or the beginning of a new historic period, but the general characteristics have remained unchanged. The following discussion will be a brief description of these periodic changes.

Under the Shinla Dynasty (710 A.D.) a large portion of the land was distributed among the nobles and officials. This in turn was cultivated by their tenants who gave a percentage of the crops back to the landlords as tribute. There was also a large part of the land given to the com-

men people for cultivation. The farmers who cultivated this soil gave approximately ten percent of their crops to the state as tax.¹ This rate however varied some, depending upon the amount of the year's crop yielded by each unit.

In the period of the Koryu Dynasty, in the eleventh year of the reign of King Sung-Chong (920 A.D.), rates were minutely specified. Land was classified in three ways: grade, ownership, and the use to which it was put; and a special rate was fixed for each different class of land. According to record, there were three grades of land. This was a step in advance over the preceding dynasty because it gave heed to the fact that different kinds of soil must of necessity yield unequal crops. The rate was also different between dry fields and paddy fields. The usual rate per kyul is set forth in the table given on the following page.

1. This class of land was divided into tax units known as kyul (.225 acres) and boo (98 sq. ft.) The standard crop expected from one kyul was three hundred too (150 bushels; thus the tax per kyul would be thirty too (15 bushels) and relatively the tax per boo would be three too (1.5 bushels).

Rate of Tax Per Kyul of Land.

(Unit - One Bushel, Paid
in Rice).

<u>Grade of Land.</u>	<u>Paddy Fields.</u>	<u>Dry Fields.</u>
First Grade	43.75	21.375
Second Grade	33.75	15.625
Third Grade	23.75	11.825
<hr/>	<hr/>	<hr/>

Beside the actual land tax, there were other burdens imposed upon the cultivators. Tribute was expected in the form of cloth or the products peculiar to each locality, and personal service in the performance of public service was required. Due regard was given to seasonal variations in crops, and proper reduction, or exemption in extreme cases, was made in the taxes in proportion to the reduction in yield. If there were a reduction of ten, twenty, or thirty percent in the crop, there was a proportional reduction in taxes of ten, twenty, or thirty percent. This rate of reduction was followed down to the point where there was an eighty percent crop reduction, then there would be no tax.

During the Chosen Dynasty, in the ninth year of the reign of King Sechong (1437 A.D.), the tax rating system was changed completely. Under this new system land was divided into six grades. A general survey of the land was to be made every twenty years. At this time consideration should be given to soil fertility, topography, location, and any other pertinent conditions. The standard unit used in this taxation system was one square boo, or one jim, which was one hundred square surveying measures of land for each grade.

The measure was different for each grade, but the value was equal. One kyul of grade-one land was .225 acres. A kyul of grade-two land was fifteen percent larger, and a kyul of grade-three land was thirty percent larger, increasing in size as the value of the land diminished until a kyul of grade-six land was seventy-five percent larger than a grade-one kyul. The result was that the crop from a kyul would be the same regardless of the grade of soil, and theoretically all kyuls were equal.

The persons responsible for the system under the Chosen Dynasty, particularly as regarded the yearly variations in crop yield, certainly contributed a detailed and complicated plan. In the ninth month of each year, the local magistrates made a personal survey of the fields and reported the crop situation to the governor, who in turn reported to the Treasury Department. Then the rate of tax for the year was fixed, based on this report. If there appeared to be a full crop, ten bushels was set as the tax. A nine-tenths yield was taxed nine bushels, and a reduction of one bushel was made for each tenth less in the yield, down to the point where the harvest was only one-tenth of the usual yield, in which case it was exempt from tax.

A study of the system of taxation in Korea reveals three outstanding principles involved.¹ First, equal taxation on all lands, that is the fairness of imposte on land. Second, the ability of the individual to pay was implicitly expressed in the recognition of yearly fluctuations in yield, and consequent adjustments made

1. A History of Land Systems and Politics in Korea, C. X.

in the tax rates. The third point is the evidence of the tithing system. The original tax of ten bushels per kyul of land was calculated to be the value of one-tenth of the proper yield of such land. Taken as a whole, the technique of this system was an advance over those preceding it.

On the other hand there were several defects. Each year, as the time approached for the collection of taxes, investigations were conducted to determine the standard of taxation for the year, the capacity of the tax payers, financially, and the resulting rate to be charged. There were always some who made false reports as to the actual conditions and the result was that the national treasury suffered greatly from their banality.

From early days it has been a rule with Koreans to pay their taxes in kind, but in 1894, when reforms were introduced in the governmental machinery, it was ordained that the payments should be made in money. In 1913 the collection of taxes from the tenant farmers was

discontinued, and the land owners were held directly responsible for the payment. In 1910 the total revenue from land tax was 10,871,000 yen. In 1927 this figure was multiplied 3.75 times, the revenue for that year being 40,804,000 yen. ¹

Present Practice of Land Taxation.

Land Tax: As stated above, the kyul system was the standard of land taxation for a long time in Korea. After the annexation, however, a new policy was adopted for the levying of taxes, and all tax-supervising bureaus and inland revenue offices that existed prior to that time were abolished. The local governments now took over the work in the municipalities, districts, and islands, with the provincial governments supervising and the Myen or towns as auxiliary organs.

A survey of land conditions throughout the entire country was started in the fiscal year 1910, to be completed in nine years. Cadastres and maps were completed in 1918, and the new land law was passed which marked

1. Economic Conditions in Korea, P. 41.

the end of the old kyul system employed by the former Korean government. The value of the lands, as registered in the cadastres, was based on the yearly returns they yielded, and the standard for taxes was fixed on this basis. Instead of levying taxes according to class of land and locality, a fixed rate was set at thirteen-thousandths of the land value. In 1922 this rate was changed to 1.7 percent because of financial necessity.

The result of this reform is seen in the increase of taxes collected. In 1919 the land tax amounted to approximately 11,120,000 yen; in 1926 this figure rose to 14,800,000 yen, which was five percent of the domestic taxes, and the largest item in the list of revenues. Compared with the estimated amount collected in the fiscal year 1911, it had increased more than twofold.

An idea of the classification of lands for levying taxes is had from the following figures taken from the census of 1925: Taxes were levied on 3,659,945 acres of paddy land, 7,662,020 acres of upland, 302,551 acres of resident sites, 2,999 acres of swamp land, and

103,513 acres of miscellaneous lands. The total area of taxable land is estimated at 10,554,634 acres; the value at 875,228,244 yen; the amount of tax, 14,878,880 yen; and the number of tax payers at 3,630,979. ¹

The principle of taxing land according to value is determined on the basis of crop returns. The average value of land per acre throughout Korea is 152.72 yen for paddy land, and 38.76 yen for upland. The highest land value is found in South Kyungsang Province, where the average land value is 213.08 yen per acre for paddy fields and 103.48 yen per acre for upland. ² The lowest values appear in North Hankyung Province, where the average value per acre is 49.88 yen on paddy land and 12.80 yen on upland. The average land tax per acre is 2.56 yen for paddy land, 64 sen for upland, and 2.28 yen for residential land.

The land owners are responsible for the payment of taxes, which are paid in cash. However, the tax charge is often shifted to the tenant farmers by increasing rents

1. Hand Book in 1926, P. 222.

2. Agriculture in Korea, P. 142.

and adding on other charges. There are two periods for payment of taxes. The first comes from December first to December twenty-eight; and the second is the whole month of February immediately following. The following table shows a comparison of taxpayers by nationality, and the amount of tax collected from crop land and urban land.

Urban Land Tax: Prior to 1909 urban property was not taxed; that is to say cities where local governments were seated. In 1909 however, in order to insure a more just distribution of the burden of taxation, regulations were made whereby twenty-six districts were set aside as "urban" throughout the peninsula. In 1922 a tax was placed on urban land at the rate of 0.95 percent of the land value. In 1926 these taxes reached 550,937 yen.

Comparison of Number of Tax Payers.

By Nationality (Koreans, Japanese, and Other Foreigners),

And the Amount of Tax in Crop Land and Urban Land, in 1926.

Amount of Tax. (Yen)	C r o p L a n d.			U r b a n L a n d.		
	No. of Koreans	No. of Japanese	No. of Other F'g'nrs.	No. of Koreans	No. of Japanese	No. of Other F'rs.
Over 500	409	457	1	5	66	4
" 200	2,598	437	4	24	171	8
" 100	7,419	1,120	15	52	321	19
" 50	17,799	1,860	26	238	670	40
" 30	27,445	2,221	27	325	717	49
" 20	39,809	2,294	34	510	745	47
" 15	50,114	2,058	30	548	625	37
" 10	101,833	3,127	40	1,210	951	59
" 7	135,820	3,243	34	1,421	953	53
" 5	186,461	3,459	48	1,874	1,052	58
" 3	323,185	5,191	79	4,051	1,349	88
" 2	345,234	5,070	72	4,272	1,072	65
" 1	566,245	7,495	171	9,740	1,468	82

Source: Present Tax System in Korea, The Contemporary
Review, April 1927, P. 47.

It will be seen by the foregoing table that land paying over five hundred yen is occupied by a majority of Japanese and land paying under five hundred yen is held by a majority of Koreans. Also it will be noted that the Japanese occupy more land in the urban class paying over fifteen yen than do Koreans. The situation is obvious: The Japanese hold a large portion of both urban and rural lands of the better grade.

Local Taxation: The civil organization carries several divisions: the central government, the provincial governments and the various local district governments. In the foregoing paragraphs only the taxes paid to the central government have been discussed, but the farmers also pay for the support of the local governments. In 1919 household and house taxes were placed entirely under the control of the provincial governments in order to meet the expenses of expanding local finances. Each dwelling is now taxed for the support of its local government. The percentage of local taxes has rapidly increased, not because of any increase in state expenses, but due to additional local levies. This fact has led to the belief that the farmers' tax problem is a purely local one.

The local taxes are not identical in the different provinces, but as a general rule local taxes are based on a ratio of land tax paid. This ratio is as follows: Household tax to provincial governments ranges from five to thirty sen, house tax from twelve to ninety sen, school tax from thirty sen upward, and agricultural association fee seven sen, per yen of land tax paid. According to 1923 census figures, the average household tax was 1.20 yen, house tax 1.40 yen, and land tax 7.50 yen per family. The total tax burden per family is about ten yen.¹

In addition to all this the farmer often pays village assessments and contributes labor toward road work in his community. His total taxes are probably about ten percent of his income. It will be seen therefore that taxes are no light burden to the Korean farmer.

1. Agriculture in Korea, P. 143.

Incidence of Taxation.

A very important phase of taxation is incidence; that is, who eventually pays the tax. The burden and the distribution of taxes among different classes are greatly affected by the incidence of taxes.¹ Of special interest to the farmer is the question of whether taxes on land will be shifted by the landlord to the tenants. The principle applied in cases where the taxes on land are shifted to tenants is to reduce rent accordingly, because the tenant also pays his rent on the basis of his net profits. However this principle is only adopted in places where abundant land still remains uncultivated. The discussion here is concerned with the question of shifting land taxes from land-owner to tenant. The land-owners are frequently collecting higher rent on account of increase in land tax. The tenant knows that if he pays more rent he will not make any profit, but he is obliged to pay the high rent in order to hold his land.

1. M. H. Hunter: Outline of Public Finance, C. VIII.

An investigation of these conditions shows the burden of taxes and assessments in each province.¹ At this time, only the important facts in connection with this problem will be considered. In North Kyung-sang province, all taxes and assessments are supposed to be paid by land-owners, but in fact sixty-eight percent of all tax burdens is shifted to the tenants by increasing the rents. Sometimes these burdens are divided between the two parties. Another example, as practiced in Kyungki Province, is that under the fixing system of rental the tenant pays the land tax and other assessments, but under the estimation and measurement systems all tax burdens are divided between the two parties. As a rule the water fee is paid by the landlord, but the tenant often pays a part of this fee also. Besides these expenses the cost of fertilizer and seed is also divided between landlord and tenant. In Pyungan Province, land tax and other assessments are paid by the tenants under the fixing system of rental and under the measurement

1. An Investigation into the Practices of Tenancy in Korea.

system the tax is paid by the landlord, except in cases where the tenant accepts the by-products then the taxes are paid by the tenant. In Hamkyung Province in northern Korea, the land tax and assessments are paid by the tenants under the fixing system. If the landlord is responsible for payment of land tax he adds the sum of the tax to the rental charge. Under the measurement system the taxes are largely paid by land-owners but if the tenant accepts all straw he shall pay the land tax.

In addition there are many cases where the greater burden falls on the tenant, such as improving the land, repairs to dams and roadways, etc., where the tenant must supply his labor without compensation. When these works require a large expenditure the land owner will pay a part of the expense but the tenant must supply his labor nevertheless. These facts are enough to show that not only the land tax is shifted to the tenant but the other assessments as well.

The condition of the tenant farmer is somewhat different in different localities. When there are

two-crop lands, the net income of the tenant is much better than otherwise, but the majority of tenants are in debt and their economic condition is gradually becoming worse. As already mentioned, the tenant pays, besides heavy taxes on land, high interest rates on borrowed money and high rents to the landlords. After all under the present conditions, the tenant's earning capacity is not equal to a fair wage for cultivating his farm. Tenants in Korea today are suffering more than any other class because of the unequal distribution of land products.

The Farmer's Increasing Tax Burden.

It is often maintained that mounting taxes are responsible in a large measure for the farmer's plight. According to government figures the total tax collected increased from nearly 27,000,000 yen in 1917 to 77,658,478 yen in 1926, a gain of 187 percent or nearly threefold.¹ This increase is over twelve times the rate of increase of population. In addition the amount of national debt, two million yen in 1905, had been increased to more than

1. Rural Korea, P. 29.

twenty-fold in 1927. The largest part of the tax collected is used for the development of railroads, ports, roadways, and the reclamation of lands.

The greatest ambition in the scheme of the Japanese policy is Korean productivity through large scale irrigation projects. She thought Korea the best place for extension of rice cultivation for her own needs. For this reason the government plans eventually to secure more than forty million yen for the irrigation and improvement of the land. As soon as irrigation improvements have been made in a given district the land is taxed the higher rice land tax rate, though it is impossible for the majority of the Korean farmers to pay this increased tax. Forced to pay the heavier taxes, they must either mortgage their holdings or else sell out to Japanese individuals or corporations.

There is a question as to how much the product will be increased by the improvement of land; and furthermore, whether the increase in products will enable the planters to meet the heavier taxes. There is a good example which will illustrate this feature - the water fee. This fee

is charged in such districts where the lands are improved by irrigation facilities. For the matter of discussion take, for example, land that has been producing 1,472 pounds per acre before improvement. After being irrigated the production will, we will assume, be raised to 3,456 pounds. Then the actual increase is 1,984 pounds (hull rice). In other words the total earning is only six yen, assuming that the market price of hull rice per pound is .003 sen. But the farmer has to pay 6.79 yen as a water fee for this increase. Plainly the farmer derives no benefit whatsoever from an increase in production.

There is another feature to consider. The price of rice is gradually decreasing because of increased production. From the Japanese point of view the increase of rice production is probably a good thing, considering that Japan's home product is not sufficient for her own use, but the Korean farmer receives no benefits from such increase. The following will prove the point: In 1928, which was an admittedly poor year, only thirty percent of the owner-cultivators

made any profit, the remaining sixty percent only met expenses. Of the part owner-part cultivator class ninety-five percent were left with a deficit, and ninety-six percent of the full tenants had a deficit, at the end of the year.

On the contrary, the present year has been an unusually good one and the crop of rice has increased 1,780,080 pounds over last year's crop. The result is that the price of rice is rapidly decreasing and the farmer can not yet meet expenses of production. It is a great problem as to how the farmers will pay the heavy taxes under these conditions.

It is often said by foreigners that Korea is much improved materially under the Japanese rule. This may be true in a certain way. Korea may be improved, but not the Korean people. The material improvement visible to the eye of the tourist does not mean any improvement in the farmer's living standard. If there is any effect on him it is only that his debt is increasing. They must consider who has to pay for these improvements and who re-

ceives the benefits therefrom.

It is not intended to convey the impression that high taxes are the only cause of ruin to the Korean farmer. It is only one of the causes. There are also the high rates of interest on borrowed money and the high rentals for land.

It is apparent that the agricultural element, being predominant in Korea, must of necessity bear the burden of taxation regardless of the form adopted. However there should be some justice in the levying of the taxes. That is, they should be in accordance with the ability of the taxee to pay them. As the English economist has advocated, "Surplus is the best test of the ability of one to pay taxes."¹ The present taxes are unduly heavy and unjust on those who have to stand the bill. As before stated the farmer cannot endure under the present rates with his poor income. Attention is directed to another point. These taxes have been levied, ostensibly,

1. A. R. Yoder: Introduction to Agricultural Economics, C. 18.

for the benefits of the people from improvements made possible by the increased revenue. But the Korean farmer never sees any of these benefits! He foots the bills and the ultimate benefits are taken by the Japanese. The present conditions offer some very difficult questions to be solved.

CHAPTER VII

Rural Market Conditions.

Market conditions is an unavoidable problem in an investigation of economic conditions of any country. This chapter will deal especially with the rural markets, where most of the farmers peddle their own produce. Since the people live in small villages scattered throughout the agricultural regions, the marketing problem is still a comparatively simple one. There still remains the medieval type of periodic market, which dominates the domestic trade. The term "marketing" as used today signifies more than merely selling. It covers all merchandising activities and the problem of distribution as well.

Methods of Selling.

Unfortunately, the big business in Korea is largely in the hands of either the Japanese or the Chinese, most of the Korean people doing only a retail business. The methods are highly developed, and there is present the complex system which includes a middle-man. There is a

sort of broker who traffics between buyer and seller, arranging for consignments and collecting a commission for his service. The broker, or Kyagchu, not only gets a commission for consigning customers, but also accepts checks, discounts, loans, and exchange. He will also, as a sideline, probably keep an inn for the purpose of having his own customers. His work is to keep his people in touch with market prices. When prices are acceptable to consignor and consignee a deal is consummated.

There is another method of transacting business, through the middle-man, or Kurkwan, who engineers the bargain between buyer and seller. He is always on the lookout for buyers and sellers in the market. The difference between the middle-man and the broker is that the former merely introduces the buyer to the seller, whereas the broker receives the consignment and carries on the business of the deal.

A third method of transacting business is practiced by the wholesaler, or Tomasang. He invests a large cap-

ital in fields for the production of certain crops and imports directly from foreign countries to sell to the retailers.

The retail business is of two types, that of the store-keeper and that of the peddler. The store-keeper has a shop in a town or village and carries on business with the neighboring farmers but his store is not big enough to supply everything needed by the farmers. The other type of retailer is known as a ship-peddler, because he carries his merchandise from port to port. Some of these peddlers operate ships, carrying goods from one place to another, others carry their pack and ride through the country on ponies or donkeys. These are called "posang". They will carry various kinds of merchandise, such as foodstuffs, clothing, and small tools used by the farmers. They travel from the places where there are markets, which are held according to established rule, every fifth day.

The peddlers' guild, known as the Posang Guild, which is the same as the merchants' guild in Europe, was

once a strong organization both economically and politically.¹ The majority of the peddlers belong to the Posang Guild. Shops are rarely found in the country villages; but markets have been opened at convenient towns and the people in the surrounding districts either do their buying on the market, which is held every five days, or from the peddlers who carry their stock of goods on a five day circuit through the country between market days.

Origin of Fairs and Markets.

Throughout ancient and medieval times, trade was an uncertain proposition. People lived in villages too small to support a permanent trading class, hence markets or fairs were periodic, on special days or seasons, and the wants of the people were supplied at these times. Such fairs and markets are still prevalent in those countries where industry is as yet undeveloped. Originally fairs were established at central points, generally where religious festivals were held or where tribal assemblies met to carry on political and judicial proceedings. The fair was probably the first definitely organ-

1. The Study of Korean Economics, Pub. Seoul Imperial University, P. 21.

ized market institution. This method of marketing was very general and traces of its existence among primitive people have been found in all parts of the world. The commodity fairs in China, widely known by their itinerant patrons, date back to the twelfth century before the Christian Era. ¹

For convenience in describing the Korean rural markets, it will be necessary to point out the distinction between a fair and a market. A market was a local affair and usually confined to one commodity whereas a fair supplied a large territory and offered a variety of wares. The markets were usually held for one day only, monthly, weekly, or - more rarely - semi-weekly; while the fairs were generally an annual event and lasted from seven to eight weeks, according to custom and the amount of trade they drew. The fairs were mostly for wholesale trade, the markets for retail. ²

According to the history of the Three Kingdoms in Korea, the first public market was established in Kyung-chu,

1. A. Allix: Geography of Fairs, Geographic Review, Oct., 1922.

2. W. C. Webster: General History of Commerce, P. 101.

the capital under the Shinla Dynasty, in the twelfth year of the reign of King Soji, 490 A.D. Doubtless there had been some sort of market before this, where goods had been exchanged; but there is no record of their existence before 490 A.D. The book of Dang says: "The Korean woman does the trading at the market".

Another book, called Kerimulsa, describes marketing in Korea as follows: "The markets were open from early morning until late in the evening. Every shopping woman had one willow basket to carry the goods. The medium of exchange was one too (two pecks) of pure rice which was the unit of measurement for barter exchange".

In the fourth year of the reign of King Hijong, 1209 A.D., there was a great reform in the marketing system. The government, at the time, established public market buildings on both sides of the street in the capital city. The capital city was also the economic center. Government officers inspected the commodities in the public market in the interest of the public. The government also regulated the price of com-

modities by placing a seal upon them denoting the price they should bring. Government regulation of markets was more serious at that time than at any other time. From then the rural market system has developed gradually through the different dynasties.

The "Chang" or market, held every five days, is an institution which has lasted from ancient days down to the present time, throughout the peninsula. The rural market in Korea resembles the European type of market which prospered in the Middle Ages. It is more nearly a mixture of fair and market; however for convenience, it will be termed "market" in this chapter.

At present the total number of markets in Korea is placed at thirteen hundred, of which about twelve hundred are scattered through the rural districts. The annual business of these markets is estimated at 178,000,000 yen. These figures prove that the markets make up an important part of the economic organization of the country. The question is often raised as to why markets of such medieval type still exist in Korea,

and what is their effect on her economic life. These points will be discussed fully in the following pages.

Various Forms of Markets.

Market business is the most important wheel in the commercial machinery of the country, especially in the towns where nearly a whole stock of goods has been known to change hands daily. Therefore, the market plays an important part in the economic and social life of the people.

The regulation markets are of four types. First, there is the market place. It may be in a building or in the open. On market day both buyer and seller comes to the place to do business. This is the most popular type in Korea and is very common to the country towns. The second type of market is more like those in this country, where twenty or more dealers do business in one building, dealing in grains and other foodstuffs. The third type is the auction market, mainly for fish, fruits, and vegetables. The fourth class comprises

a sort of exhibition place and an exchange for selling stocks and bonds in the market.

The distribution of markets in Korea in 1922, excluding those in the fourth class, is as follows:

Kyungki Province - - - - -	-104
North Choongchung Province - - - -	52
South Choongchung " - - - -	89
North Chunla Province- - - - -	64
South Chunla " - - - - -	-117
North Kyungsang Province - - - -	-160
South Kyungsang " - - - -	-137
Whanghai Province * - - - - -	-117
North Pyungan Province - - - - -	58
South Pyungan " - - - - -	-120
Kangwan Province - - - - -	84
North Hamkyung Province- - - - -	45
South Hamkyung " - - - - -	90

Total - - - - -	1,137
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Source: Markets in Korea, Pub. by the Government in 1924, P. 76.

Transactions on these markets according to report of 1926, amounted to 156,773,000 yen, of which 41,182,000 yen was in agricultural products, 23,702,000 yen in marine products, 23,375,000 yen in textiles, 41,392,000 yen in livestock, and 27,122,000 yen in miscellaneous products. ¹

1. Economic Conditions in Korea, P. 151.

All forms of markets will not be taken up fully here but only those bearing a close relation to the economic life of the farmer. The markets occupying the most important place in this class are the common markets, described as belonging to the first type in the preceding paragraphs, and special markets, such as cattle markets.

Common Markets: This class of market is most important for its farmer trade. In the rural districts most of the commodities were, and still are, secured at the periodic markets. For four days the "Chang" appears practically deserted, but on the fifth day it is alive - swarming with humanity. Farmers and artisans from miles around gather in this market place to exchange wares, each with the other. The market opens onto the street, or some wide space convenient to traffic, and wares are displayed on wooden plates or mats on the ground, or from shelves made for the purpose of exhibiting them. Commodities are classified and arranged accordingly, one section for grain, another for dry-goods, others for

sea grass, salt, clothing, tools of copper and iron, china, paper, cotton, shoes, coal and fuel, or whatever is offered, each in its own place. All of the necessities of life are bought and sold almost exclusively on these markets.

Every market is crowded with people who come from the surrounding areas, towns, and villages, and with peddlers who go from one market to the other, loading up their wares to sell within the next four days' journey.

The number and size of the shops vary according to the size of the market and the season. It is customary, during crop season, to find the markets jammed, but in off-seasons, that is in spring and summer, business slackens somewhat.

The market not only affords an important place for business but furnishes the social life of the farm people. Every market provides many places of amusement, both good and bad. A combination of both will be found in the saloon and restaurant outfit, where a stone furnace is built for the rice pot and food and drink are

served. Many farmers who are not regular patrons appear from time to time to merely observe for their own pleasure.

Needless to say nearly every article used in the home or raised on the farm is exchanged on these larger markets. At the close of day, the merchants pack up their wares and prepare to start toward the next market town. According to report in 1922, transactions per person averaged 6.39 yen in one year. Of this amount 1.46 yen represented agricultural products, 91 sen marine products, 1.24 yen textiles, 1.81 yen cattle, and 97 sen miscellaneous.¹ This estimate is supposed to show the power of production and consumption of the surrounding country; however, the figures are inaccurate as they only show the sales reported to the office, and probably represent about half of the real business done. Even considering the larger amounts, however, it is still evident that the purchasing power of the farmer is very small.

The money-lenders and middle-men are always in the markets for the purpose of lending money to the

1. Market in Korea, Pub. by the Government, P. 121.

patrons who are sufficiently well known on the market to warrant their credit. High rates of interest are asked on such loans. Money loaned without security brings twenty-two percent on one yen loaned for five days, or until the next market day. The Kaysung merchants are well known as money lenders, because they comprise the largest portion of men in that business working in the markets.

Cattle Markets: It is a general custom in Korea for the farmer to feed cattle, both for labor on the farm and to sell on the market. This industry has been a source of income to the farmer since olden times. The number of cattle brought to market annually is large. It has been estimated at 2,300,000 head, but the actual transactions only number about 600,000 head. Besides cattle, hogs and chickens are also brought to market for sale. Rural banks, such as the rural credit associations, or the Tongyang Chuksan Company banks, showed a discount of 7,500,000 yen in 1922 for cattle business alone.

An investigation in 1922 gave the number of cattle markets in Korea as 764, an increase of 109 over 1918. North Kyungsang Province boasts the largest number - 101; and the smallest number - 38 - are found in North Hanyang Province. The best known cattle markets are at Suwan, Taiku, Fusan, Chama, Kangkai, Pukpyung, Pukchung, Tanchun, and Kilchu. To these markets over two thousand head of cattle are brought annually. About forty percent of the cattle brought to market are sold. Almost all of the hogs and chickens offered are disposed of.

Recently there has been a big increase in the export of cattle, and the industry has been very prosperous. The cattle market is held three times a month. The farmers bring in their stock to meet the buyers on the market, and the deal is made there - through a middle-man. All business is conducted in this manner. The commission man receives one to two percent of the total selling price.

The cattle industry in Korea is prospering and it is becoming an important factor in her rural economics.

Cattle transactions are numerous, involving as many as 600,000 head during one year; and the capital involved is important, especially since most of the business is on a cash basis. Banks and other organizations provide the money for these deals. Outstanding in this business are the Rural Credit Association, and a Japanese organization called the Tongyan-Hungup Company. The former loaned approximately 6,200,000 yen in one year for purchasing cattle. Interest rates are five sen per day in case of loans without security, and four and one-half sen per day in case of secured loans. The term of loan runs from six months to one year. Loans by the Tongyan-Hungup Company have reached 200,000 yen in a year, and the rate in this company is twenty percent per annum.

There is a third type of financing organization for cattle buying, that is the Wookay. This is a sort of cooperative organization. In the Wookay the farmers pay dues and draw lotteries, thereby enabling

each member to purchase at some time. There are at present fourteen hundred of these organizations; dues collected amount of three hundred thousand yen in a year; and the number of cattle financed through them amounts to seven thousand head a year. Other sources of financing are: the landlord, the money-lender, livestock union, and the Shiksan Bank, which loaned seven hundred thousand yen in one year for this purpose.

All things considered, cattle feeding is very profitable and every farmer is anxious to have cattle, both for his own use and for market. According to report, the cattle trade is taking first place in farm industries, and promises a bright future.

Three Largest Markets.

For many years the Pyeng-yang, Taiku, and Kang-yung markets have held first place among Korean markets. All three of the markets carry good equipment and their business is large. An historic background is theirs of long standing. Recently many of the older markets have been destroyed because of changes in transportation

facilities, but these three still hold their places and prosper as in the past. Each of the three will be discussed separately in the succeeding paragraphs.

Pyongyang Market: Pyongyang was the first capital of the first King Tankun, who founded the Chosen Dynasty. From this fact the place boasts an historical interest. It is also the largest city in the west. The population is placed at 114,300, including 23,500 Japanese and it ranks second only to Seoul in prosperity. It lies just 161 miles from Seoul, is the seat of the provincial government, is the largest town and the center of commerce and industry in the peninsula. Pyongyang is surrounded by fertile lands and the agricultural produce is good. Nearby are natural resources in abundance, such as anthracite coal and iron ore. Transportation by rail and water are good and it is conveniently situated for both foreign and domestic trade. It is expected that Pyongyang will be still further developed as an industrial center in the future.

The market in Pyengyang was formerly held in the main street of the city once every five days as with other markets. However, due to changes in conditions, the market has been moved to Sangsuri, just outside of the city. Pyengyang market is public in character.

The Sachang, Suchung, and Hungchang markets, all parts of the main market, open every day but custom is so strong that the crowds do not come except on the regular market days. Besides the public markets, there are others, for instance a cattle market at Shinyang, a fish market in Engchung, and a food market in Suchung, all of which are well known in Pyengyang City.

The sales values from these seven markets in Pyengyang according to a 1922 report were as follows: agricultural products 245,880 yen, marine products 360,016 yen, textiles 81,688 yen, livestock 628,108 yen, and other products 276,559 yen, totaling 1,592,251 yen. The actual figures however were greater than revealed.

Taiku Market: This market is situated on a vast, fertile plain. It is the principal center of distribution

for all products in the south as well as the seat of the provincial government. Great fairs are held here periodically, which attract immense crowds from far and near. The surrounding country is famous for sericulture which is becoming more important each year. Agriculture also flourishes, apples being especially abundant. The population is now 77,000 including 23,000 Japanese. Population is on the increase yearly, in this economic center of southern Korea. Transportation facilities are good. Taiku is well known by its past fame, which it still maintains with possibilities for still greater prosperity.

There are two large markets in Taiku. The east gate Chang, or market, and the west gate Chang. The west gate market boasts 1,072 shops, besides a large area for the open air market place on the street. In the east gate market only 631 shops have been opened. The former provides not only daily needs but also a livestock market. This cattle market is well known, but less important than those at either Pyengyang or

Fusan. The east gate market offers only daily necessities. Report in 1922 gives the total transactions on the west gate market as 2,107,000 yen and on the east gate as 543,000 yen.

Yakyung Fair ¹ in Taiku, is famous in Korea. It is here that raw materials for medicines are exchanged. Other fairs of this type but of much less importance, are held at Kongchu, Taichu, and Chunchu.

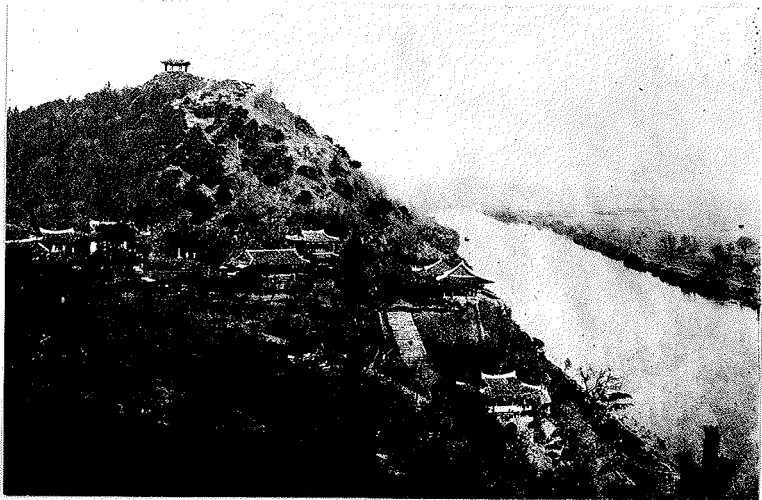
This fair originated about two hundred and sixty years ago in the ^{Xi} Dynasty, providing a place where special products from each province were gathered together for presentation as tribute at the palace. An investigation showed that the southern part of Korea produced medicinal plants. The governor of Kyungsang Province ordered that an exhibit be prepared of all medicinal plants produced in the different parts of the province. From this collection he would choose the best for tribute, the remainder was to be sold to merchants. Thus originated the Yakyung Fair.

Since that time the fair has developed very much

1. The nature of this market at Yakyung is exactly the same as a fair, hence it is termed "fair" in this paper.

and at present an enormous business is transacted here. Not only native products are offered here but those imported from China, Manchuria, and Japan. Many merchants from all over the country come to this market to buy the raw materials, and it has naturally become the center of trade in medicinal plants. Formerly the fair was held twice a year, in spring and autumn, but now it is held once a year lasting from the first of December to the last of the following January.

During the fair season the market is crowded. Merchants numbering three hundred come from outside points, and over ten thousand persons crowd into the place daily. According to the 1922 report total sales were 391,000 yen in that year; this however is less than the actual sales. During the period of the fair other business also prospers, especially the restaurants and inns. The economic effect on the community is tremendous. At present there is a union of merchants who have an especial interest in the fair, organized for the purpose of the advancement of the fair and relief of the members.



View of Moranpong in Pyongan.



The Cattle Market at Taiku.

Kang-yung Market: This market is situated on the bank of the Kin River, in Choongchung, about twenty miles from Kunsan port by water. Both rail and water transportation are available. Although recent years have seen a decrease in the volume of business at this market compared with the increase at other points, it is still held to be one of the three largest markets. From a geographical standpoint this market maintains the particular characteristics of an old type native market. The fish market turned over 158,500 yen in 1922 and leaped to 480,000 yen the following year. The fish market does a big business. Common trade in 1922 amounted to 570,000 Yen.

Conditions Responsible for the
Survival of the Rural Market in Korea.

Rural markets have been described in the foregoing, with emphasis on the part they play in the economic life of the farmers, and the actual present conditions. However nothing has been said concerning the reason for this primitive type of market being so popular at this late day.

It has been entirely replaced in all other parts of the world by modern capitalistic methods of distribution. Why, then, has this old feudal economic organization survived in Korea? Anyone observing Korea will realize that modern industrial methods and capitalistic interests have come to her shores. Therefore it becomes important to analyze the factors responsible for this situation.

One scholar, N. S. Yonama, Japanese, points out ten dominating facts responsible for the survival of the medieval exchange system. Here we will not take up his whole argument but only the most important points.¹

In the first place he says that the majority of the people - eighty percent of the population, belong to the agricultural group. Their purchasing power is small and they cannot support permanent stores. Then he points out, in the Yi Dynasty a high tax was levied on independent stores for the purpose of discouraging their existence and in order to give exclusive rights in selling to a favored group. Lastly he reminds us that the Korean people live a very simple life and the periodic market is not only sufficient for their wants but has the added

1. The Study of Korean Economics, Pub. Seoul Imp. U.

attraction of furnishing about the only social life known to the farmers. ⁺It is their means of communication and recreation.

We will not argue as to the correctness of his views here but it is true that the purchasing power of the farmer is very low because his income is small. The other points he has chosen merely from an historical observation. He has not touched the heart of the problem which is a background of miserable economic life. This is the controlling factor responsible for these conditions. In the first place the political administration is unfit to promote the economic life of the farmers. Under the oppressive Japanese policy the Korean people have difficulty in finding the opportunity to promote their own welfare. What we desire to analyze here is the actual effect on Korean economic life of the industrial development of the country which the Japanese government claims to have rapidly advanced since 1910.

Although Korea is primarily an agricultural country

other industries have shared in this rapid development of the past twenty years. Government reports for the period since the Japanese annexation show that the value of production in Korea has advanced from 300,000,000 yen to 1,600,000,000 yen in 1923, an increase of five-fold. However this does not apply to quantity of production but signifies only an increase in the price of commodities. Since that date the industries have advanced still further, and at present 13,000,000 yen are invested in the fishing and mining industries, 370,000,000 yen in transportation, and 550,000,000 yen in manufacturing. There are five thousand factories operating in Korea. The Japanese government is very proud of the result of its efforts to develop Korean industries. But the curious fact of it all is that this industrial development has had no beneficial effect on Korean wealth whatsoever.

In connection with this question of industrial development the table on the following page, by N. S. Yonama, is interesting. Note the consumption by the Korean people, its increase and decrease, between 1911 and 1923.

Consumption Per Person.1911 to 1923.

<u>Commodities.</u>	<u>1911.</u>	<u>1923.</u>
Rice	3.48444 Bushels	3.06630 Bushels
Barley	.4918 "	.4742 "
Millet	1.6810 "	1.7266 "
Soy Beans	.7308 "	.9283 "
Wheat Flour	\$.0233	\$.2654
Marine Products	\$.2358	\$1.2104
Salt	13.9036 Pounds	31.2981 Pounds.
Cigarettes	\$.23	\$.84
Wine	\$.4062	\$1.3767
Sugar	1.5117 Pounds	3.2713 Pounds
Cotton	\$.4978	\$ 1.3348
Linen	\$.1283	\$.3946
Silk	\$.0542	\$.2975
Kerosene	.5632 Gallons	.5433 Gallons.
Matches	\$.0159	\$.0475
Paper	\$.043	\$.2042
Ceramics	\$.0874	\$.4720

Source: N. S. Yonama, The Korean Commerce, P. 331.

This table shows a remarkable increase in luxury consumption such as wine, cigarettes, sugar, paper, and ceramics. On the other hand necessities such as food and clothing have decreased to a very small degree. An increase in purchase indicates an increase in income. However it is doubtful whether in this case there is any increase in income, because the luxuries named have risen to such a price that a small indulgence consumes a large part of one's income and they are obtained by a sacrifice of necessities. Moreover taxes have been increased to two or three times their former level. Such conditions can hardly be said to indicate any real improvement in economic conditions.

For the last twenty years the Japanese have brought capital, with their skill and experience, to Korea for investment along profitable lines. At present this investment is about 1,500,000,000 yen. In spite of this development however, the Korean farmer's economic condition has remained in a state of self-sustenance. This fact is largely responsible for the presence of the rural market previously described.

Moreover the Korean owner-cultivator is gradually disappearing and farmers have been obliged to leave their fatherland to seek a livelihood in foreign lands, many to wander in Manchuria and Japan.

As has been said, a large amount of Japanese capital is invested in Korean industries. These Japanese capitalists have exploited Korea's natural resources with excellent results, and much profit to themselves; but neither the economic development nor the monetary profit has had any effect whatever on the majority of the Korean people. If the majority of the people in a country have not improved, then it cannot be truly said that the country has developed since real increase in a nation's wealth should result in a distribution of that wealth among all the people.

In conclusion we will summarize what has been said: A large amount of business in Korea is transacted on the periodic markets, consequently this form of exchange holds an important place in the economic

and social life of the people. The survival of this type of market is caused by, and is significant of the ruling economic and political situation in Korea. Finally during the past twenty years, there has been an immense and rapid development of industry, which has in no way improved the economic condition of the Korean people.

CHAPTER VIII

Rural Communities and Organizations.

The Structure of the Community.

In this discussion the rural community will be considered as an economic and social unit. The administrative divisions in Korea are three: provinces, cities and districts, and towns and villages. As local administrative organs we have thirteen provincial governments, twelve municipalities and two hundred and twenty districts, and two thousand, five hundred and three towns and villages. The village is the unit of social organization in Korea. This forms the natural unit for communal activity.

The area of each district was restricted to about two hundred and thirty-eight square miles, holding about ten thousand persons. The area of a village and its fields varies strictly according to the region and population. It varies from one-third of a square mile to ten square miles in extent.

The average is three and six-tenths square miles. The farms in the north are larger than elsewhere but the communities are less compact. In the central provinces the average is one-third of a square mile, and in the south it is one-half of a square mile; the range is from one-seventh of a square mile to one square mile.¹

Therefore the village is too small as an economic unit. This is why the commercial services to the farmers in the villages are performed in the market towns. There are about thirteen hundred such towns in Korea, in each of which itinerant peddlers, every fifth day, spread their wares on the sides of the main street for people from villages for miles around to view and buy. The villages studied average five miles distance from their market towns with little variations in the different regions.

The village is one of the most characteristic features of Korean social organization. The farmers live as a group in the village with their farms surrounding them. The villages are mostly situated on

1. Rural Korea. P. 29.

low land or on the side of a high mountain. The best reason for locating the village in the low lands and mountain sides is for protection from the winds which sweep over the hilltops with such fury that the straw-thatched roofs of the houses can hardly resist them. Then too it requires less fuel to keep the house warm when it is sheltered by the hills around it.

The Korean houses may be generally divided into two classes: those roofed with a deep thatch of rice straw, seen almost universally in the country villages, and those covered with black tiled roofs, usually the homes of the well-to-do. The village houses are all on the same general plan. In the construction of the walls a wicker work of twigs is woven, and over this mud is plastered making an adobe wall, which however, is occasionally faced with stone. The inside of the walls and ceiling of the rooms are covered with wall paper.

The floor is the most important part of the Korean house. It is made of flat stones about three

inches thick. These stones are placed over a set of flues that extend the entire length of the room and distribute the heat to all parts of the floor. At least one room has its fireplace, generally hay and chopped wood are used for fuel. The entire floor is plastered over with mud to give a smooth surface to the floor and at the same time to prevent the smoke from coming into the room. The floor is covered with oil paper, of which the Korean people produce the best in the world. The poor man covers his floor with a straw mat instead of the oil paper.

Every house has at least three rooms: the living room, porch, and kitchen. A well constructed house has its outer and inner rooms, the outer ones for the men and the inner ones for the women. The house and a small yard are usually inclosed by a hedge or a brush fence, the latter being the one most used in the villages.

The government of the village is ideal. It is democratic, largely self-governed, and is rooted in

family life. Every village has its head man, who is usually an older and more prominent man of the village. Under his direction a council is organized with five or six members who have the responsibility of managing all the affairs of the village. Now the village government has little power, because of the change in conditions in Korea, but formerly they had the real power to govern all the affairs of the community. The council is not elected by popular vote but by a sort of general consent of their fellow-villagers. No salary is given them; they only serve for honor. The term of office is usually one year.

Their main operation is to look out for the general welfare and if it is not such an important question, the council undertakes the matter. But, if the affair is important, they call a mass meeting by which the affair will be determined. There is another important function which they perform, that of helping the tax collector to squeeze the people. They also take care of the village feasts which are held twice a year for the purpose of blessing the people of the village.



View of Seoul, the Capital
of Korea.



A Korean Village.

The people have a cooperative spirit in many ways. For instance if one fellow in a village builds a new house, every one of each family in the village contributes his work for at least one day to the fellow who is building. There are other ways in which they help each other such as in times of weddings and funerals. In an emergency such as flood or fire, the whole village turns out to help those in distress. Such cooperative spirit has existed traditionally among inhabitants of the villages.

Cooperative Organizations.

There are many different organizations. They may be divided into two general classes, economic and social. Many varieties of associations are organized to cover the scope of these two main purposes. Social organizations extend beyond economics. Many have programs which include economic features and all economic organizations are also social to a greater or lesser degree. The economic organizations cover such matters as relief, loans, and thrift. Most of the villages have one or two of this variety. Recently new organizations have appeared, of which the vil-

lage improvement society and the young men's associations are most common. These associations were created locally, changing with changing customs and codes, and their establishment formed a group morale that gave numbers the courage to break with tradition or to attempt new enterprises. Some of the Korean cooperative associations are very old and some are quite new.

Original form of Association: There is a certain variety of the original form of organization known as the Kay.

Kay means collective body, hence its characteristics are those of an association. The association, or Kay, is a prominent feature in Korean social life. This variety of association originated with the ceremony of getting together for religious worship and for social amusement.

It originated in much the same way as did the guild system,¹ which was a unit of society and had a great power politically and economically in Europe during the Middle Ages. In the beginning the guild was a religious and social body, but later it changed to assume political and economic functions. The process of development of the Kay and the guild are parallel.

1. W. C. Webster, General History of Commerce.

The brilliant culture of the Shinla Dynasty is already known. It was in this period that the peninsula was for the first time unified as one country. the Kay called Hangto, was organized in this period under the reign of the ninth King Yuri (32 A.D.)¹ Its purpose was religious and social, and the promotion of morals for young boys. Since that time the Hangto has become an important feature in Korean social life, and its functions now include economic problems.

The organizations as aforesaid, are a sort of association which vary in their purposes. The number of associations is not the same in the different groups. Some number twenty, others over a hundred, the average being forty-three. Qualifications for membership are often limited to persons of the same class financially, or persons in the same district. Every association has executive officers, such as president, treasurer, and clerk, who handle the administrative work.

1. N. W. Paik, Historical Survey of the Korean Kay, Contemporary Review, July 1927, P. 31.

Each association has some property which is taken from the members. The subscriptions are usually paid in cash, but sometimes in kind or even in labor. The amount of subscription levied on members is based on an equal distribution of burden. Payment may be made in full or in instalments and the amount of the shares runs from ten sen to a hundred yen. Meetings are held once a month or two or three times a year.

Functions of the associations will be divided into six classes: ¹ I - The association for purely social purposes; II - Associations for education and the promotion of social welfare; III - Relief Associations; IV - Investment Associations; V - Loan Associations; and VI - Special Organizations.

I - Social Organizations: Social organizations are for the purpose of bringing people together of similar tastes and the promotion of friendship. For instance there is an archers' club where men interested in archery can come together to practice. Then there is a poetry club where literary tastes may be enjoyed in

common. Another is the club where men of the same age may gather and enjoy each other's company.

II - Associations for Social Welfare and Education: This

type of organization has busied itself largely with such tasks as reform, education, civil work, aiding in collection of taxes, public health, and the encouragement of business. There is one association which assumes the responsibility of educating a community, another looks after bridges and river banks, and still another handles the sanitary work in a community.

III - Relief Associations: Relief associations are organized for the purpose of helping their members. In Korea there is a traditional custom that holds weddings and funerals in deep respect. These associations prepare the necessary equipment for these ceremonies and lend the paraphernalia to members without any charge. This type of organization is common in the villages.

IV - Investment Associations: The purpose here is to encourage industry among members by joint purchasing and selling. Some of these associations have an area of land

for common use among the members. An example of this is the cattle breeding associations. Another type in this group is the association that makes joint purchases of grain and fuel.

V - Loan Associations: The main purpose of the loan association is to lend money to members at a higher rate of interest. Some lend to non-members also. They resemble a credit union. There are two kinds of loan organizations: one to lend for business purposes, the other for public works.

VI - Special Purpose Organizations: This group includes such societies as the musicians' association, workers' association, carpenters' association, and other groups that have some particular common interest.

Such a variety of associations has done a great deal toward the development of Korean culture through many centuries. Some are now much modified by the new forms introduced from the west. However there are still a large number of the original type of societies existing

that deal with various functions in the country. According to the report for 1926, there were 19,067 of these associations with a membership of 814,138 persons and a property value of 3,490,125 yen. These figures prove what a large item these organizations are in the life of the nation.

New Forms of Organizations: As has just been pointed out, there are many original type associations, social and economic; but now a new cooperative movement is forming. Recently cooperative work has been applied to sericulture, by government encouragement. Climatic conditions in Korea are more favorable to this industry than in any other country - dryness being the chief attribute. According to report there are 20,499 technically trained workers in the silk-worm industry. There are 1,300 places where silk-worms are bred by cooperative organizations, and there are said to be 45,000 persons who belong to these joint societies. The result has been extremely successful.

Cattle Breeding Unions: Cattle are not only a great help in farming as beasts of burden but are also a

source of income to the farmers. In 1911 a certain district in one county started an experiment along the lines of bettering stock and increasing herds through organized efforts. The cattle breeding union was subsidised by the government. In 1916 there were only sixty-four cattle breeding unions but in 1922 there were one hundred and ninety-one. Besides this there were twenty-six unions which include and regulate the local unions.

The main functions of the cattle breeding unions are: exchange of pure-bred sires, encouragement and protection of superior stock, management of common pastures, improvement in livestock products, duties of the middle-man in cattle transactions, and management of cattle markets, prevention of disease, lectures and exhibitions, and the carrying on of research for the general improvement of the cattle industry.

According to 1922 reports distribution of cattle breeding unions among the different provinces was as follows: twenty-two in North Kyungsang Province, twenty-

one in South Chumla and Kangwan provinces, twenty in Kyungki Province, nineteen in South Kyungsang and North Pyungan provinces, seventeen in Whanghai Province, fourteen in South Choongchung, North Chumla and South Hamkyung provinces, and ten in North Choongchung Province.

Cattle districts are spread about over many sections of the country, among which the most famous are the Tanchun district and Chaichu Island. In the former district is the largest union, of 1,553 members; and the latter boasts the greatest number of cattle for breeding purposes - 26,976 head. Increase in cattle unions means an increase of better stock, and a corresponding increase in exports. At present there are two hundred and nineteen unions and two federations of unions in the country.

Cattle Associations: This is one of the old forms of association called the Wookay. The purpose of this organization is to enable poor farmers to buy cattle

who could not otherwise raise the cash. Each member contributes to help each other member. There are also cooperative bull associations, formed by farmers for joint ownership and exchange of pure-bred bulls. Purchase price and cost of maintenance are distributed among the members, prorated according to the number of cows owned by each member. In this way farmers are enabled to build up their herds at a minimum expense. Another class of association breeds cattle for business purposes. At present there are twelve hundred of these cattle associations, and results are very satisfactory.

III Pigs and Poultry Through Model Villages: A community interest in any one type, breed, or variety of livestock is one of the greatest steps toward better and more profitable agriculture that a rural section can inaugurate. Two types are adapted to the pig and poultry business. For the breeding of pigs an association is established by which pure-bred sires are owned jointly for the purpose of increasing and

improving the stock. The so-called model villages have poultry associations for improvement in stock and marketing conditions. This work is easily comprehended by the farmers and is extremely profitable to them. They are willing and anxious to improve their stock of pigs and poultry, and these industries have increased yearly.

IV Industrial Unions: These cover the subsidiary unions, for such industries as can be carried on in the home. One is sericulture, another the manufacture of bags and mats from rice straw, and still another is the manufacture of straw rope and shoes. The industrial unions undertake these subsidiary industries, both for the purpose of improvement and protection. There are one or two of these societies to a county and they supply largely the domestic trade.

Rural Development Work.

It is a well known fact that rural development is an important problem in Korea, especially since

eighty percent of her population live in the rural districts and she is essentially an agricultural nation. The individual Korean is very poor and is unable to stand on his own feet. He needs a boost, and it would seem that the cooperative organizations would be exactly the source from which this boost should come. All Korean leaders agree that rural development work is the first consideration for the advancement of the economic conditions of the majority of the people who live in rural districts. The essential factors in this work are: the education of the people, and leaders with technical training and sufficient capital to guide and carry on the work.

Rural development work is done chiefly by the cooperation of the people. Both public and private organizations are at work along these lines. The government has done much, through irrigation work, establishment of model farms, and the reform in sericulture and other home industries. Private interests are at work along much the same lines. We will con-

sider the program followed in more detail: The first step is to combat illiteracy. For this purpose hundreds of night schools have been established throughout the country villages. Simple pamphlets are distributed dealing with better agriculture, health, and community life. Boys' clubs are under way, with a program of education, recreation, and production. Through these institutions hundreds of youths are trained each year for leadership. The association provides a small demonstration farm, conducted along two different lines: one for more profitable farming and variety in crops, the other for encouraging livestock and poultry business. This work is conducted by private institutions for rural development.

The most interesting feature in the rural development work is the program recently begun by the Protestant Church. Protestant religion in Korea is largely Methodist and Presbyterian. Latest records give the total number of Christians as 225,386, or one and nine-tenths percent of the population. The rural Christians comprise 164,532 persons, or one percent of the Korean population.

A large proportion of church memberships in Korea are in the country. Dr. George Paik, historian of Protestant missions, said: "The typical church in Korea is a village church, and the typical Christian is a sturdy, hardworking, and honest farmer". However, it is hard for the farmers to support a church. The average contribution per member, judging from the survey made in this investigation, was 3.72 yen. Under these circumstances it is hard to maintain the spiritual life without impoverishing the economic life.

The program of the church not only includes service through the agricultural missionaries, but completes a social program of education, family life, recreation, and health and sanitation. Centers have been established in the larger cities, such as Seoul and Pyongyang, and tours are made through the country from these points. They also have several branches through the country. They start by training for leadership among both men and women. These leaders are then sent out to the farmers with both spiritual and material food.

Korean leaders are asking whether or not Christianity has reached its apex in Korea. There is a tradition of economic life that could be recalled in this connection. Dr. E. D. Brunner, who was sent to Korea to investigate rural conditions, declared: "Let us not forget that the rebirth of Denmark resulted from cooperation and education, both inspired by the church." ¹ He had great faith in Korean Christianity and in the service of the church to develop rural work.

So it is then that rural development is the big issue in the rebirth of rural Korea. However the movement is still very young. Forty years of sound agricultural planning and progress have revolutionized the economic and social life of the Danish people. No one can tell what the future may bring to Korea through this medium. It is still in its infancy - in the formative stage. Some day these cooperative associations may prove a saviour to the country and help her to avoid a national poverty. That day will soon come it is hoped, and the thousands of cooperative associations are praying for their success.

Summary and Conclusion.

The Japanese government claims that under the Japanese rule the people of Korea have greatly advanced economically. The inaccuracy of this contention has been definitely shown in this thesis. The various evidences indicate that the Korean farmer has been gradually losing ownership of his land as a result of unreasonably high taxes and high interest rates on any money that he may have borrowed. The evidence shows that the Japanese administration in Korea served primarily to advance the interests of the Japanese government and Japanese nationals. Japan has consistently disregarded and over-ridden the interests of the Korean people.

The taxes collected by the Japanese government in Korea have been used largely to promote undertakings which have merely served the Japanese interests without reference to the taxpayer or as to how he would be able to meet his obligations and maintain even the meager standard of living which he enjoyed prior to the coming

of the Japanese administration. When he is unable to meet his tax payments the Japanese money-lenders have been only too willing to lend to him, but at interest rates so high that he could not pay the debt when due. In this way the Japanese money-lenders have gradually acquired title to the land. After the farmer has lost the title to his property he may be permitted to reside on the land as a tenant, but the taxes on the land are even then shifted to him as the tenant. The tenant class which comprises the majority of the agriculturalists, is the most oppressed class in Korea.

It is evident therefore that the most urgent need for the Korean farmer is a credit system that will serve the interests of the farming class and eliminate the private money-lender who exploits the farmer. The existing agricultural credit organizations only serve the larger enterprises or the bigger farmers. The small farmers on the other hand are entirely excluded from the facilities of these organizations. In order to solve this problem it is vitally important

to rectify the present conditions. In this thesis the writer has proposed the organization of local credit unions in every village because it is believed that this would be the most practicable and convenient way to aid the farmer.

In Korea the farmers live together in groups, or villages. They know each other and their interests are the same. The organization suggested would not be established for profit making but to promote the economic condition of the farmers collectively. The management should be simple and the men who carry on the work should serve gratuitously for the community. Since all the members would be acquainted with one another the union would know to whom it should extend loans with the best results. It would always be informed as to who would be a proper credit risk and also as to whether or not the money desired was used for the proper purposes.

Though an organization of this kind would be

simple it would be able to render great assistance in promoting the economic condition of the farmers when they need money for cultivation. At present they have a real difficulty in securing the capital in spite of the fact that they are willing to pay high interest on borrowed money. If a local credit union were established in every village the farmers could secure financial aid at favorable terms and at low rates, moreover the transactions would be carried on in an atmosphere of friendliness. The organization could not only benefit the individual but assist in promoting the welfare of the community as a whole.

The rural market problem is simple, yet considering the advance of agricultural industry, marketing of farm produce is a most important question to the farmer. The products of the farm are the only source of income to the farmer, but he often loses his profit because of his lack of knowledge concerning markets and because of the absence of facilities for marketing his products. At present the farmer is selling largely through the local merchants or middle-men, who are keen business men and who profit

by the farmers' ignorance to the extent that they manage to get more profit from the deals than do the farmers. The farmer should get a larger share of profit from his own produce than he now does.

In Korea many cooperative organizations are being established for the production of goods, for instance sericulture and cattle raising, but the cooperative marketing organization is as yet undeveloped. The competition in marketing is so keen that cooperative organizations are needed to reduce the expense of transportation and to analyze market conditions. This kind of cooperative work has already demonstrated itself to be of benefit to farmers in both America and Europe. In Korea there is also the need of an organization that will serve to make joint purchases and sales of farm products. This would undoubtedly be of the greatest help in increasing the income of the farmers.

Development of education is the most important problem in Korea, especially for the farmer class.

It is well known that the number of farmers' children in school is smaller than that of any other class because the small farmer is too poor to support his children while attending school. The farmers need their children's help during the crop season and the children lose the opportunity for education.

Two types of education are needed, especially for rural development work. One should train leaders and the other should offer a general vocational education for the farmers' children. Leaders who have technical training are needed to undertake the guidance and improvement of methods of cultivation and the development of cooperative organizations in the rural communities. In connection with the second type needed, the situation is as follows: The farmers are busiest during crop season, however they have leisure in the winter. It would be convenient for the farmers to send their children to school during the winter months. If some type of

vocational education were offered, these children might learn some trade or simple art without incurring extra expense to their parents. By this means they would become efficient workers increasing the earnings of the family. This type of education would help to establish a higher standard of living and enable the farmers to enjoy life.

The author has already mentioned various reforms for bettering the conditions under which the Korean people live, but there is great doubt whether the Korean people can advance very far under the aggressive colonial policy of the Japanese government. The policy of Japan is primarily to exploit the Korean natural resources for Japanese development, disregarding altogether the Korean interests. In this way the interests of the two nations are incompatible.

As long as the Korean people are governed by the Japanese militaristic government there is little chance of their being able to escape the present

difficulties. Political freedom is what the Korean people need to enjoy a normal economic life. Therefore the only real solution to Korea's problems, and the ultimate goal toward which she must strive, is freedom - a release from political subjugation, and independence as a nation.

of money taken

APPENDIX I

1. Money.

Yen	\$.50
Sen005

2. Lineal Measure.

1 Ri	2.44030 Miles.
1 Ri (Marine).	1.15068 Miles.
1 Chung.	5.42284 Chains.
1 Kan.	1.98398 Yards.
1 Chang.	3.31 Yards.
1 Chuck.	0.99419 Feet.
1 Pil.30.0 Feet (Approx).
1 Chon	1.19303 Inches.
1 Pun	0.11930 Inches.

3. Measure of Area.

1 Ri Caris	5.95503 Square Miles.
1 Chung Po (Chobo)	2.45064 Acres.
1 Pan (Tan)24506 Acres.
1 Myo	118.61080 Square Yards.
1 Pyung.	3.95369 Square Yards.
1 Boo	3.95 Square Yards.

4. Measure of Capacity.

1 Sum (Koku)	(Liq) 39.6804 Gallons.
1 Sum (Koku)	(Dry) 4.9600 Bushels.
1 Tu	(Liq) 3.9680 Gallons.
1 Tu	(Dry) 1.9840 Pecks.

(Continued on next page).

APPENDIX I (Continued).

4. Measure of Capacity(Continued)

1 Seung	(Liq)	1.5872 Quarts.
1 Seung	(Dry)	0.1985 Pecks.
1 Hap	(Liq)	1.2697 Gills.
1 Hap	(Dry)	0.0198 Pecks.
1 Jak	(Dry)	0.001984 Pecks.

5. Weights.

1 Kwan	(Avoir)	8.26533 Pounds.
1 Kwan	(Troy)	10.04711 Pounds.
1 Keun (Kin)	(Avoir)	1.32277 Pounds.
1 Keun (Kin)	(Troy)	1.60754 Pounds.
1 Sum (Koku)	(Avoir)	320.00 Pounds.
1 Momme	(Avoir)	2.11644 Drams.
1 Momme	(Troy)	2.4131 Pwts.

APPENDIX II.

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VITA.

To Youn, second son of Chong-won Kim, was born in a small village in Kyungki Province, Korea, June 16, 1895.

His early education was received in the old type of Korean school, resembling the one-room school in America. At the age of thirteen he went to Seoul, capital city of Korea, where he attended the Ahn Grammar School, finishing in 1909. He then entered the Posung High School in Seoul, where he attended until 1911. In that year he went to Japan to finish his high school course in Tokyo, and graduated in 1915. He then entered Keio University which he attended until 1919.

He came over to the United States in 1922 and entered the Ohio Wesleyan University, from which he obtained his under-graduate degree in 1924. He entered Columbia University and received the Degree of Master of Arts in 1926. He entered The Graduate School of the American University in 1928 for further research work.

He served for three years as the chairman of The Board of the Korean Y. M. C. A. in Tokyo. Since coming to this country, while in New York City, he organized the Korean

Economic Society and served for two years as chairman of the committee. At present he is a member of the economic research division.