Sangryong Han, Shibusawa Ei`chi, and the transfer of banking expertise from Japan to Korea

Myungsoo KIM (Keimyung University, Korea)

Foreword

The aim of this paper is to scrutinize Sangyong Han’s reading of Shibusawa and application to Chosun (Colonial Korea under Japanese rule). Shibusawa Eiichi(1840-1931) was often called "the Father of Japanese Capitalism", and Sangyong Han (1880–1947) “the Shibusawa Eiichi of Chosun”.

Shibusawa introduced a modern capitalism system to Japan and established Daiichi Bank (第一銀行), which the most important foundation of Shibusawa’s business activities. He discusses the “theory of morality and economy united” in Confucian Analects and Abacus (1916), in which he attempts to rationalize profit-seeking behavior based on traditional ethics. His thoughts were products of the transition period in Japanese business history of his time. Shibusawa emphasized what today we call Corporate Social Responsibility (CSR), which formed the philosophical background of his social-minded activities and helped to build better international relationships between Japan and the USA, and between Japan and China.

Meanwhile, Han observed the progress of Japanese capitalism during his stay in Tokyo as a student from 1898 to 1901. After returning to Korea, he participated in the management of Hansung Bank (漢城銀行) from 1903. Han was a leader and coordinator in the colonial Korean economy in many respects. He was mainly influenced by Shibusawa in aspects such as managerial thought, CSR activities and the organization of business clubs.

This paper examines the route and process through which modern Western managerial thought was introduced to Korea via Japan. It aims to provide a detailed review of the process of accepting Japanese modern managerial thought in Korea by examining Han’s reading and following Shibusawa.
I. Shibusawa and Daiichi Bank’s Business Expansion to Korea

1. Daiichi Bank’s business expansion to Korea

Shibusawa established a Pusan (釜山) branch of Daiichi Bank with Kihachiro Okura (大倉喜八郎) in 1878. Daiichi Bank then opened a Wonsan branch (元山 1880), an Incheon branch (仁川 1883), a Kyungsung (京城 = Seoul) branch (1888), a Mokpo branch (木浦 1898), and Chinnampo and Gunsan branches (鎮南浦, 群山, 1903) in succession, and became the maritime customs agency of Chosun in 1884. Use of Japanese Yen increased with payment of tariff. Because the use of Japan currency in Chosun decreased by Japan’s adoption of the gold standard from 1897, Shibusawa was authorized by the Japanese government in 1902 to put the Daiichi Bank note (一覧拂約束手形) into circulation. After that, Daiichi Bank played the role of central bank in Korea until the Bank of Korea was established in 1909.

![Figure 1. Net profits of Chosun branches](image)

As seen in Figure 1, the net profit of Daiichi Bank in Korea increased rapidly in the early 1900s. The net profit of Chosun branches stayed low for long time after 1884, but there was a sharp increase of net profit after the acquisition of three special rights: management of national funds, resolute enforcement of currency reform and official approval of Daiichi Bank note. In 1907,
399,208 Yen formed 40 percent of the total net profit of Daiichi Bank. After Daiichi Bank handed over the role of central bank to the Bank of Korea in 1909, it focused on general deposit, commercial finance and industrial finance, emerging and expanding into modern financial business.¹

2. Sangyong Han and Shibusawa’s visit to Korea

Shibusawa visited Korea three times before 1910. His first visit to Korea was in May 1898. At that time, the Korean government prohibited the circulation of silver coins with chop marks ○,銀 (刻印付圓銀).² On 7 May, Shibusawa was granted an audience with Emperor Kojong (高宗) to lift the ban.³ His second visit was in 1900. The Kyungin (京仁) railroad line began to operate on 8 July, 1900, and Shibusawa attended the opening ceremony as the president of the Kyungin Railroad Joint-stock Company (京仁鐵道合資會社) on 12 November.⁴ His third visit was in June, 1906. Shibusawa went to Kyumipo (兼二浦) of North Korea and inspected the business affairs of the Korea Promotion of Industries Company (韓國興業株式會社).

Sangyong Han recalls that Shibusawa attended the opening ceremony of Kyungbu (京釜) railroad line on 28 May, 1905. By Han’s memory, Shibusawa stayed only for two days in Seoul, and he took time out of his busy schedule to visit

---


² A “chop mark” is a Chinese character or characters stamped into a coin by a merchant who is essentially validating the weight, authenticity and value of a given coin. See http://www.pcgsblog.com/ron-guth/news/whats-a-chop-mark.

³ The prohibition on circulation of silver coins with chop marks ○,銀 was lifted in July 1898. Eiichi Shibusawa, Daiichi Bank in Korea, 1908, pp. 49–52. 『韓国に於ける第一銀行』1908年、49－52頁。

Hansung Bank (漢城銀行), which was located in Anguk-dong (安國洞), Seoul. At that time, Han received a poem from Shibusawa (Figure 2). It mentions that Shibusawa’s visit to Korea at the end of May in 1905 was his third (旬日三回入京城).5

This was the first meeting of Han and Shibusawa. Shibusawa asked Han to show the chattel mortgages of Hansung Bank, and Han showed an antler on which Hansung Bank held a mortgage against 100 won. Han recalled that Shibusawa and other visitors laughed at the sight of the antler.6

Table 1. Daiichi Bank’s Loans to the Korean Government (1884-1905)

<table>
<thead>
<tr>
<th>No.</th>
<th>Time</th>
<th>Amount</th>
<th>Usage</th>
<th>Mortgage</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1884.2</td>
<td>24,000 Mexican silver dollar</td>
<td>for the maritime customs of 3 ports</td>
<td>tariff</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1895.1</td>
<td>250,000 Yen</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3</td>
<td>1900.3</td>
<td>300,000 Yen</td>
<td>—</td>
<td>ginsengs of Korean government</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>1901-1905.4</td>
<td>total 1,230,000 Yen</td>
<td>payment for arms etc</td>
<td>internal tax revenue</td>
<td>7 times</td>
</tr>
<tr>
<td>5</td>
<td>1902.9-1903.3</td>
<td>150,000 Yen, 100,000 Yen</td>
<td>revision of weights and measures</td>
<td>—</td>
<td>2 times</td>
</tr>
<tr>
<td>6</td>
<td>1905.1</td>
<td>3,000,000 Yen</td>
<td>currency reform</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Data source: Takao Tsuchiya, A Biography of Shibusawa Eiichi, 1931, p. 327.

The relationship between Han and Daiichi Bank dates back to 1902, when Pyeongsikwon (平式院)7 made a contract with Daiichi Bank to acquire a loan (see Table 1). Pyeongsikwon acquired a total loan of 250,000 won from the Gyungseong8 branch of Daiichi Bank twice: in September 1902 and March 1903. At that time, the contracting parties were Han and Masayosi Takagi (高木正義),9 the manager of the Gyungseong branch.

---

5 Memoirs, p.82.
6 Ibid., p.83.
7 Pyeongsikwon (平式院) was an official authority dealing with weights and measures.
8 Gyeongseong (京城) was Seoul under Japan’s rule. In those days, Koreans called Seoul Hanseong (漢城).
9 Chiyomatsu Hasei, The brief history of Daiichi Bank, 1926, p. 87.『第一銀行五十年小史』, Eiichi Shibusawa, Daiichi Bank in Korea, 1908, pp. 166–175.『韓国ニ於ケル第一銀行』.
3. Reorganization of Hansung Bank and Daiichi Bank

Han left Pyeongsikwon in December 1903, and was selected as a general manager of the Hansung Bank. Lee Jaewan, who had been in charge of Pyeongsikwon, became the president of Hansung Bank and picked Han again. As Han had studied in Japan, was proficient in Japanese and was in communication with Hagiwara, Shiokawa, Noth etc. of the Japanese legation in Korea, he was useful to Lee Jaewan, conducting many behind-the-scenes negotiations.

Hansung Bank, which established in 1897, was the first among existing banks in Korea. The Korean government tried to make Hansung Bank a public one with a close government connection in 1903, because Hansung Bank had to make a loan contract with Daiichi Bank of Japan instead of the Korean government. However, after all the expression “public” has become a political rhetoric contrary to the Korean government’s expectations.10

Reorganization to Public Hansung Bank in 1903 can be understood as a by-product of conflict between Russia and Japan. There were two reasons for this. The first was Russia’s loan offer, which aimed for the acquisition of rights such as railroad concession or mining concession. The second was the problem of Daiichi Bank note, which circulated slowly due to the objections of the Korean people. The Japanese government, the Japanese legation in Korea and Daiichi Bank suggested the establishment of a Korean bank under the support of Daiichi Bank in order to settle these problems.11 This was also why Daiichi Bank urged to dissolve Hansung Bank when Russia stopped providing loans to Korea.

Due to monetary stringency caused by a business, led by Mekata, for arranging currency, financial institutions became increasingly necessary, so Hansung Bank survived. Han persuaded Lee Jaewan, the president of Hansung Bank not to oppose the change in the ownership structure from a joint-stock company to a corporation. At this time, Hansung Bank was entirely dependent on Daiichi Bank for its capital investment.

10 BaekHeung Han (韓百興), A study on the history of National bank's formation during the late period of Chosun 1894–1910, Sinarioalta, p. 116.『旧韓末民族銀行生成史研究1894～1910』.
II. Shibusawa and Sangyong Han before 1910

There is little data available to demonstrate that Shibusawa gave direct guidance to Sangyong Han. This chapter uses Han's memoirs to discuss Shibusawa's influences on Han.

1. Shibusawa's lesson that one should have only one job in one's life "一生一業"

Shibusawa's name appears 80 times in Han's memoirs. Han considered that Shibusawa's help was the most important factor in his success for his financial activities:

As mentioned above, though I've not met the Baron Shibusawa, I've received his guidance indirectly about this problem (the reorganization of Public Hansung Bank). That is why I made his acquaintance, and since then we have had a special relationship.12

When Russo-Japanese War (1904–5) broke out, Major (少佐) Sigetake Noz (野津鎮武) of the Japanese Legation in Korea offered various government posts, such as mayorship of Uiju (義州), Pyeongyang (平壤) and Hansung (漢城). Noz anticipated from Han support of Japan's execution of warfare. Major Noz was Taro Utsunomiya's (宇都宮太郎) friend; he had been an inspector of Han's, and belonged to the Army Chiefs of Staff, who took charge of information and overseas political manoeuvres in Korea and China. After Han's return to Korea, he received Noz's guidance, but refused to accept his offer, referring to Shibusawa's lesson that one should have only one job in one's life (一生一業):

"Because I established and managed Hansung Bank with Baron Shibusawa's aid, I wanted to continue in the belief that one should have only one job in one's life (一生一業). There is the deplorable custom of putting government above people in Chosun. I want to remain out of office and finish my life exemplarily (in the business world). Thank you for your great kindness but I cannot accept your offer."13

It is clear that Han regarded Shibusawa as his role model, and this comment is similar to Shibusawa's statement when he resigned from the Finance Ministry and entered the business world.14 For above-mentioned reasons, Han refused to accept the suggestion of his uncle,

---

12 Memoirs, p. 54
13 Ibid., p. 64.
14 Kitaro Siraisi (白石喜太郎), The Old Eiichi Shibusawa, Tokoshoin (刀江書院), 1933, p. 226. 『澁澤栄一翁』
Wanyong Lee (李完用), to join the Cabinet as the Vice-Minister of Education in March 1907. Lee’s cabinet was reshuffled in June 1907.\textsuperscript{15}

Han’s adherence to Shibusawa’s lesson meant that he gave up political success as a son of a noble family. When a son from a noble family aimed for success in Korean society from the end of the 19\textsuperscript{th} to the beginning of the 20\textsuperscript{th} century, his final goal was to rise in the world and gain fame. A status system exerted powerful influence, and the idea of putting government above people was widespread. It is clear that Han could have succeeded with the support of his uncles, as one worked as an educational minister and the other as a military minister. Both were supported by Japanese legation.

At this time, Han’s intention was to emulate Shibusawa’s way of life as a banker. Shibusawa resigned his position in the agricultural and industrial office (a pivotal institution in Japanese economic modernization during the era of Meiji) and established the foundation for capitalism of Japan by establishing the National Daiichi Bank in the private sector, and his life greatly influenced Han, who worried about the modernization of the Korean economy. Accordingly, Han’s choice of a businessman’s way of life was a result of reflection on meeting the needs of his time and consideration of the process of modernization in the Korean society during that time.

\section*{2. Shibusawa and the Establishment of Financial Institutions during Hanmal\textsuperscript{16}}

In January 1906, the Korean government dispatched an envoy to Japan in return for the conclusion of the second Korea–Japan agreement (1905). Sangyong Han visited Japan in the entourage of Jaewan Lee, who was the chief Korean envoy. At that time, Han visited Daiichi Bank to show his appreciation to support for Hansung Bank.\textsuperscript{17} Han recalls that Shibusawa sent 7,000 yen to Han via Taikichi Simizu (清水泰吉), the manager of Gyungsung branch, in order to reward Han for his efforts.\textsuperscript{18}

\begin{flushright}
\textsuperscript{15} Memoirs, pp. 100–101.
\textsuperscript{16} Hanmal (韓末) means the last days of the Korean Empire, which began on 12 October 1897 and ended on 29 August 1910.
\textsuperscript{17} Memoirs, pp. 90–91.
\textsuperscript{18} Ibid., pp. 82–93.
\end{flushright}
After that, Han took part in establishing Hanmal Financial Institutions with Shibusawa. In 1908, both Shibusawa and Han registered their names as organizers of Dongyang Colonization Company (66 Japanese, 33 Korean), and Han was appointed as a director in the same year. Min Yeonggi and Jo Jintae were appointed as a vice-president and an auditor respectively, and the appointment of Han, aged 28, as a director was an unprecedented decision. Han played a role as one of organizers of the Bank of Korea, which established as a central bank in 1909 with Baek Wanhyeok. At that time, Shibusawa also joined the organizing committee of the Bank of Korea. Until then, Shibusawa's Daiichi Bank played the role of the central bank for Korea. For continuity of banking, Ichihara Morihiro, the manager of Daiichi Bank in Korea, became the first president of the Bank of Korea.

3. Interest in business education

In July 1906, Han petitioned for the establishment of a commercial school. In his petition, he suggested that there was an urgent need to establish higher education institutions such as a commercial school at which many talented people would be fostered. He said, “I will petition the establishment of commercial schools though it might be considered as being shameful”, as Hansung(漢城, the capital of Chosun) had an important position in the commercial world of Chosun. Though his petition for the establishment of a commercial school cannot be considered to be only one influenced by Shibusawa or the Japanese economic world, it is worth noting that Ohkura established Seonrin Commercial School(善隣商業學校) around the same time:

The president of Hansung Bank, Sangyong Han petitioned the Ministry of Education for the establishment of commercial schools. He said, “People believe that education of talented young people is absolutely indispensable anywhere at any time, and which job or which society will not acknowledge its significance? It is an urgent priority in our Korean commercial world today. Because I work in Hansung business world and feel many things about commercial schools, I will petition the establishment of commercial schools though it might be considered as being shameful. An intensive course for commercial education must be planned independently. After waiting for a commercial school to develop gradually, we must establish a commercial high school and make it

---

20 Ibid., p. 146.
21 Daehan Maeil Sinbo (大韓每日新聞), 19 July 1906.
foster many talented young people who are useful to this field.\textsuperscript{22}

For reference, Ohkura Kihachiro petitioned for the establishment of Seonrin Commercial School in March 1907 and secured an approval.\textsuperscript{23} Though it is not known whether there were many petitions for the establishment of commercial schools at that time, it is thought that Japanese entrepreneurs such as Shibusawa or Ohkura influenced Han’s petition. Ohkura and Shibusawa conducted many businesses in Korea after Daiichi Bank entered Busan in 1878. In 1898, Ohkura contributed 500,000 yen to the fund for the establishment of a commercial school, Seonrin Commercial, in commemoration of his 60\textsuperscript{th} birthday, and Ohkura committed this work to Shibusawa, Watanabe and Ishikuro. When the Ohkura Commercial School was established in July 1900, Shibusawa took part in the school as a consultant with Hozmi Nobusige, his son-in-law. Ohkura donated additional 550,000 yen to the fund. From this fund, 300,000 yen was used to establish Osaka Ohkura Commercial School, and 200,000 yen was used to establish Seonrin Commercial School. Jo Jintae and Baek Wanhyeok, who were intimate friends of Han, registered their names as regular members of Seonrin Commercial School.\textsuperscript{24}

\section*{4. Speech in Kojunsha in 1907}

On 29 April 29 1907, Han visited Japan for about two months with an industrial inspection team composed of major Korean entrepreneurs. The financial inspector of the Residency, General Baba Eiichi (who later became famous for Baba Finance), accompanied the Korean entrepreneurs on their visit. Their schedules and activities were reported on Sisasinbo. On 26 May 26, during the inspection, Han had the opportunity to give a speech in Kojunsha. He was the only person among the Korean entrepreneurs who could give a speech in Japanese. Han raised four issues in his speech: Japanese society, where it was hard to find an unemployed person regardless of age and gender; the concept of the duty that every person was faithful to his or her job without upper and lower classes; sympathy to follow the policies of the nation or a company by being together despite differences of opinion; and the point that Japanese people recognized Japan's undeveloped state to be shameful. It is thought that Han considered those four matters to be the advantages of Japanese society over Korean society. Han made a resolution to be faithful to his

\textsuperscript{22} Ibid.

\textsuperscript{23} *Hwangsung Shinmun* (皇城新聞), 15\textsuperscript{th} March 1907; *Daehan Maeil Sinbo*, 1907.3.15.

\textsuperscript{24} *Tsurukai* (鶴友会), *Okuratsuruhiiko* (大倉鶴彦翁), 1924, pp.344–359.
duty as a manager of Hansung Bank, and wished that Japan would help Korea to achieve economic development. At the end of his speech, he mentioned about Hukujawa (福澤諭吉), who established Kojunsha (交詢社) as an educator, and Shibusawa, an entrepreneur of Japan. At the end of his speech, he mentioned about Hukujawa (福澤諭吉), who established Kojunsha (交詢社) as an educator, and Shibusawa, an entrepreneur of Japan. At the end of his speech, he mentioned about Hukujawa (福澤諭吉), who established Kojunsha (交詢社) as an educator, and Shibusawa, an entrepreneur of Japan.

At that time, Han visited the head office of Daiichi Bank, which was located in Kabuto-cho (兜町), for a week to learn banking expertise.

5. Evaluation on founders of colonial rule

Han says in his memoirs published in 1941, “I will not hesitate to point out the Duke Ito first, the Baron Mekada second, and the Viscount Shibusawa third as contributors to the setting up of today’s Chosun.” Han thought highly of Shibusawa in that he contributed to the private sector in Korea’s economic development in finance (Daiichi Bank), railroad (the Gyeongin and Gyeongbu lines), expansion of infrastructure (waterworks, electric work), mines and land management. In contrast to Shibusawa, Ito and Mekada were the administration officials in culture and in industry, respectively. Han led the organization of “an establishment committee of a monument to the old Shibusawa Seien” (澁澤青淵翁記念碑建設会) in April 1933 because he considered those three people as the developers of Chosun. The commemorative monument was erected in Jangchungdan in December of that year, where Ito’s Bojesa (菩提寺) and Bakmunsa (博文寺) were located.

27 Ibid., p. 68.
III. Shibusawa and Sangyong Han During Colonial Korea under Japanese Rule

1. Capital increase of Hansung Bank and business expansion to Japan

There is a case in which one can ascertain Shibusawa’s influence on Sangyong Han in banking expertise. In September 1910, Han was appointed as an executive director of Hansung Bank. After taking office, Han attempted to increase the capital of Hansung Bank tenfold, from 300,000 won to 3 million won. He tried to use “Eunsagongchae” (恩賜公債), which ‘the aristocrats of Chosun’ received during the merger, and he secured an approval from the Japanese Governor-General of Korea on 15 January 1911 through persistent negotiation with the Governor-General. This process mirrors an example of the national bank, which used “Kinrokukosai” (金録公債) for paying capital. Japan approved the establishment of the national bank by covering 80% of capital of a government loan mainly composed of Kinrokukosai through revision of the ordinance on the national bank in August 1876. Shibusawa contributed to the establishment of Nagaoka, the 68th national bank utilizing Kinrokukosais. Han succeeded in increasing the capital of Hansung Bank tenfold by copying the example of the national bank and using Eunsagongchae bonds of the aristocrats of Chosun, and due to this, Hansung Bank was nicknamed “the bank of aristocrats”. It was a desperate attempt by Hansung Bank to increase capital that could have not achieved capital accumulation.

Prime Minister Derauchi, who participated as a guest in the national promissory note exchange meeting held in Tokyo in April 1918, thanked Shibusawa for helping Han. It is possible to guess the relationship between Shibusawa and Han through this association. Shibusawa helped Han to operate Hansung Bank in many areas, such as establishment of human network and capital financing in Japan.

In 1918, the Tokyo branch of Hansung Bank, the first overseas branch in Korean economic history, was opened. Prime Minister Terauchi persuaded Han to open the Tokyo branch. Terauchi believed that a Tokyo branch of Hansung Bank could display the Korean model of expansion to Japan from Chosun. For Hansung Bank, business expansion to Tokyo was important to absorb floating money

30 『伝記資料集』第5巻，pp. 317–323.
in Japan. Consequently, the Tokyo branch recorded 27.2~36.1% of total deposits of Hansung Bank, and 14.7~19.5% in loans from 1918 to 1923. The excellent operating performance of the Tokyo branch prompted Hansung Bank to open an Osaka branch. In 1922, when he established the second branch in Osaka, Shibusawa encouraged Han by sending a congratulatory telegram. When the Tokyo branch was established, Shibusawa invited about 30 famous entrepreneurs, and introduced Han and Hansung Bank to the bankers’ association. Because of this meeting, Han was able to meet many influential people in Tokyo, and was able to find help for managing the bank thereafter.

2. Abolition of stockholder qualification restriction by ethnic group and capital increase

When Sangyong Han decided to increase the capital of Hansung Bank in 1919, he chose the amount of six million yen, following Shibusawa’s opinion. To secure a capital increase to 6 million yen, Han took two steps: first, full payment of 3 million yen; second, the abolition of stockholder qualification restriction by ethnic group.

In offering stocks for public subscription for the increase of capital, Shibusawa was a great help to Han. For example, the Dokugawa Family (德川家), a typical aristocratic family, accepted stocks of Hansung Bank because Shibusawa was their trustee. Gunaiso (宮内省) in Japan and many Japanese aristocratic people also put their names on the stockholder’s list of Hansung Bank. When the Japanese Governor-General of Korea abolished the restriction of stockholder qualification by ethnic group, the portion of Japanese stockholders increased steadily from the end of 1919, up to 28.1% by the end of June 1923. Strictly speaking, capital increase of Hansung Bank in 1919 depended on Japanese capital.

---

34 Kim (2012), pp. 185–186.
35 Memoirs, p. 180; p. 211.
36 Ibid., p. 180.
37 Ibid., pp. 192–193.
38 Ibid., p. 188.
With the increase of Japanese stockholders, Han decided to prepare a controlling and inspecting position for Japanese people. Han asked Shibusawa to recommend an inspector who would represent Japanese stockholders to Hansung Bank. Shibusawa recommended Imanishi Rinjōbu (今西林三郎), the head of Osaka Chamber of Commerce, in July 1922.\(^{40}\)

Jusaku Mori (森重作), who was a consultant (協議員) from Daiichi Bank, resigned from Hansung Bank in October 1922. Mori’s resignation meant the achievement of financial independence from Daiichi Bank. As mentioned above, Sangyong Han and Hansung Bank counted on Shibusawa and Daiichi Bank in operating bank and capital financing.

### IV. Shibusawa and Sangyong Han’s Crisis

#### 1. Hansung Bank’s Crisis and Sangyong Han’s decline

Hansung Bank held a general meeting of stockholders and appointed Sangyong Han as president of Hansung Bank in January 1923. Yoonyong Lee (李允用), who had been the president of Hansung Bank since 1909, accepted liability for issuing bad cheques and resigned from Hansung Bank. Because Han had been the de facto head of Hansung Bank since 1903, Han’s inauguration was recognized as a natural result and the climax of his business career. However, 1923 witnessed the start of Han’s decline.

In September 1923, the Great Kanto Earthquake occurred. Hansung Bank suffered a surprise blow because of the Tokyo branch’s loss. At that time, Hansung Bank could overcome the crisis via a loan from the Dongyang Colonization Company (東洋拓殖會社, DCC). DCC took over the real estate mortgages of Hansung Bank and issued mortgage bonds based on these real estates. Hansung Bank capitalized these mortgage bonds in the securities market.\(^{41}\) Shibusawa was asked a favour by Han, and negotiated the case of DCC loan by moving the finance minister, Junnosuke Inoue (井上準之助) and the president of DCC, Eizo Ishizaka (石塚英蔵).\(^{42}\)

Han resigned from the presidency of Hansung Bank, which he had managed for 25 years, in

---

\(^{40}\) Memoirs, p.215.

\(^{41}\) Kim(2012), pp.189-190.

\(^{42}\) Memoirs, pp.221-227.
March 1928. He took responsibility for management aggravation during 1920s due to reckless management before and after 1920, the earthquake disaster in 1923 and the financial crisis in 1927. He tried normalization of management by receiving financial support by the Japanese Governor-General of Korea and a special loan from the Bank of Japan, but due to successive crises, the bank came under the supervision of Chosun Industrial Bank.

However, Han thought that the direct cause of management aggravation of Hansung Bank was the establishment of Japanese branches arranged in 1918 and 1922. Han sent a letter to influential people in Japan, including Shibusawa, to complain of injustices, and he wanted to remain as the leader. At that time, though influential people in political and economic world such as Saito (齋藤実), Wakachtsuki (若槻礼次郎) and Sakatani (阪谷芳郎) recommended to him to reorganize the bank as the chairman, Shibusawa gave the opinion that Han should resign from the position without hesitation. Finally, Han cut his connection with Hansung Bank, following Shibusawa’s opinion.43

I’ve heard the belief of Shibusawa before, and I’ve been engaged in management of Hansung Bank with the belief that bankers should make other people rich, but should not think that they will become rich.44

2. From the business world to the political world

There is another episode which shows the influence of Shibusawa on Han. Yuasa, the inspector general of state affairs, suggested that Han be selected as a Chamui (參議, a government position in the Chosun Dynasty) of Jungchuwon (中樞院) in April 1927. Jungchuwon was an advisory body of the Japanese Governor-General of Korea. Despite repeated suggestions by Yuasa, Han continued to refuse to be a Chamui. As we can see from the following quotation, Han’s refusal seemed to be closely related with Shibusawa’s lesson:

Yuasa, the inspector general, also attended. He told me that he had something to say to me after the welcome party, so I visited him in his office at 9 pm. He again recommended that I should be appointed as Chamui. But, as I had repeatedly told him for so long, I had no wish to do that, so I refused his recommendation as before. He said

43 Memoirs, p. 290.
44 Ibid., p. 304.
‘I understand what you think. I’ve heard that the viscount Shibusawa does not like public posts, even honorary positions, and he accomplishes his original intention as a businessman without being appointed. There are lots of businessmen who try to be appointed to honorary positions even by running a campaign, and I have a great regard for your attitude.’ So it seemed that the recommendation for being appointed as Chamui was concluded.45

Finally, Han was appointed as Chamui of Jungchuwon, not refusing repeated recommendations by the Governor-General, the authority of colonization. But his determination to finish his life in the business world had not changed. The case of Chosun Trust Company (朝鮮信託會社) clearly shows this.

Han was very busy in 1931. He lost the basis of his business activities, Hansung Bank, and tried to return to the main stage of the Chosun business world by establishing a large trust company named Chosun Trust Company. However, he had to be satisfied with being appointed as a figurehead chairman, instead of working at the front lines. Because bankers (including the Bank of Chosun) and moneylenders opposed Han’s inauguration as president of Chosun Trust Company, his trial for making a comeback to Chosun business world was over. Thereafter, Han played a role mainly in the political world by cooperating with Japan in governing Chosun rather than devoting himself to the economic world.46

2. Last meeting with Shibusawa

From the end of October to the beginning of November 1931, Han visited Shibusawa in Askayama for the last time. At that time, he was busy establishing the Chosun Trust Company. Shibusawa passed away on 11 November of the same year. Han visited Shibusawa the day before, on 10 November, guided by Shibusawa’s doctor Irisawa and his son-in-law Akasi Deruo. This was the last meeting between Shibusawa and Sangyong Han.47

45 Memoirs, pp. 270–271.
3. Evaluation of ‘Shibusawa of Chosun’ Sangyong Han

Kada Naoji evaluated Han as a figure who "embodied the spirit of Shibusawa". Also, Kada mentioned that Chosun Sileup Club (朝鮮實業俱樂部, JSC) made the most effort to realize Sileupdodeok (實業道德, "business is a road toward virtue"), Yukyeong (育英, "education") and Naeseonilche (內 鮮 一體, "Japan and Chosun are one body"). JSC is the Chosun business world by itself, which was established in March 1920. Because Han had been the leader of JSC since 1920, and JSC had both Korean and Japanese members from the business world, Han was the coordinator of the Chosun business world (朝鮮財界). Han believed that Shibusawa always tried to achieve those three things mentioned above.\(^{48}\)

Epilogue

Karl Moskowitz, who established the Korea Institute at Harvard University in 1981,\(^ {49}\) mentioned Sangyong Han in criticizing Korea’s research tendency in entrepreneurial history. He recommended making a fair estimation of Han, and highly appreciated him as the greatest Korean entrepreneur and business institution innovator. I agree with Karl Moskowitz's research stance about pro-Japanese collaborators, especially businessmen:

The result has been a secondary literature of little depth, no little distortion, and numerous lacunae; for example, Han Sang-yong, perhaps the greatest Korean entrepreneur and business institution innovator whose career spanned both the Hanmal (韓末) and the colonial periods, is not to be found in the leading Korean historical biographical reference Han'guk inmyŏng taesajŏn (韓國人名大辭典), because he was also a notorious collaborator with the Japanese. Mention of Han is also not to be found in the Studies.\(^ {50}\)

During the colonial period in Korea/Chosun, Han was called ‘Shibusawa Eiichi of Chosun’, because

---

\(^{48}\) Naoji Kada, “Progress of Chosun business and Business Club, Realize the spirit of the old Shibusawa", *Chosun Business* (朝鮮實業), Vol. 18, No. 4, April 1940, p. 48.

\(^{49}\) See http://www.ksaldt.com/sub04.html about Karl’s career.

Han was influenced in many ways by Shibusawa and tried to use Shibusawa as a role model. As Shibusawa played a leading role in business world as an organizer of the Japanese economy, Han played an active part in the Chosun business world. Through Shibusawa, Han learned how to establish a company, how to manage a bank and how to act as a businessman. As Shibusawa built up the foundation of Japanese capitalism with Daiichi Bank, Han tried to introduce capitalist systems and rules to Chosun with Hansung Bank. As Shibusawa participated in establishing about 500 companies, Han took part in setting up about 300 companies.

However, Han's activities were limited by the colonial situation. He was the 'Shibusawa Eiichi of Chosun' within the limits permitted by the Governor-General. After Han was ousted from Hansung Bank and divested of the basis of business activities in Chosun, he had no choice but to cooperate with Japan's colonial rule. Sangyong Han was the embodiment of the colonial entrepreneur in Chosun between 1910 and 1945.