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The Other Side of the Planet

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A hundred questions are worth less than seeing once

Old Korean proverb from China

Setting the Scene

After three years back at the FCO in London working on the embryo Channel Tunnel and serving on the COBRA committee for counter terrorism, I found myself and young family on an aircraft heading for one of my favourite parts of the world – the Far East. I was returning after fifteen years, not to South Vietnam which no longer existed, but to a survivor from communist invasion and meddling, South Korea. My jobs were to run the commercial and information departments, prepare for the Olympic Games in two years time, serve as the team's Olympic Attaché for and during the games, plus responsibility for all Royal visits. This was more than half the embassy's activities and the most interesting because the Americans were the only country who could influence South Korean politics – or so I thought when our aircraft touched down at Kimpo Airport on a muggy afternoon in May 1986.

South Korea has a population of 50 millions living on a mountainous peninsular the size of Scotland and Northern Ireland put together. Rather like Scotland, most of the people live in big urban sprawls along or near the coast. The largest is the capital, Seoul and combined with the port of Incheon and other satellite cities, home for no less than 26 million people. Imagine Edinburgh, Stirling and Glasgow are one huge urban and industrial sprawl and you have an idea of the size and impact of the Seoul Capital Area on the rest of South Korea. No peace came to Korea in 1953 and ever since an armed truce has existed with the peninsular cut into two halves by a no man's land strip four kilometres wide and stretching two-hundred-and-fifty kilometres from coast to coast. All the coal mines and steel works lay in the north-eastern corner of the Stalinist northern half. There was almost no industry in the southern half. Even by 1962 the southern half's GDP was less than \$ 3 billions. By 1986 this had risen to \$ 115 billions. Compare this with the UK at \$ 600 billions that year.

Korean legend insists they descend from Dangun the Manchurian bear, who along with a tiger prayed to Hwanin, the Lord of Heaven, that they could both become human. After a while the tiger gave up but Dangun persevered until Hwanin granted her wish. However, she soon felt lonely and eventually Hwanin took her for his wife. A son was born named Dangun Wanggeom. He built a walled city called Asadal, so the story goes, some say close to modern Pyongyang. The original tribes did indeed come from Manchuria around 8000 BC though from about 2000 years ago until the fourth century AD their three small kingdoms were vassals of the Han emperors of China. Even after forty years as a colony of Imperial Japan - which ended with the atomic bombs - this earlier period still deeply influences today's Confucian society with its strict family discipline and deep respect for intellectuals, its obsession with oriental face and let's be frank – raw male chauvinism! The river through Seoul is called the Han and when I lived there the best economic newspaper was still

printed in Chinese characters and the most well educated women could not expect a responsible job in any profession save medicine.

Embassy Work

The embassy commercial department was all the richer for the latter custom. Our three teams consisted mostly of ladies, nearly all of them with degrees from Ewha Women's University, an academic equivalent of Cambridge, Oxford and the best women's colleges in the United States all rolled into one school with 20,000 students. Our most senior lady, Mrs Minh, was a princess of the old royal family. Widely liked and respected, she was one of the rare Korean women who could invite prominent company owners – such as the Chuns who owned Hyundai - to lunch in a restaurant as her guest, such was her standing. Three more ladies of similar status with one very capable man formed the spear point of our export drive. Last but not least was JP, a taekwondo champion in his spare time, whose father had shot the man who gunned down President Park across the dining room table at the presidential palace. JP became my right arm during the Olympic Games.

I had three extremely able and keen young commercial officers from HM Diplomatic Service with strong inter-personal skills but only one of them spoke Korean. He was a Cambridge graduate who had spent two years with the embassy as what was known as a language student, learning Korean. Graham was so good that the advanced Korean examination had to be devised for him. I could send Graham to carry out some of our business with Korean ministers rather than waste their time while somebody interpreted to keep me up to speed. My wife and I were allowed a hundred hours of lessons and this was a huge bonus. We could read the Hangul alphabet thus the telephone book, labels, notices, menus, maps and street signs. We could carry out simple conversations such as asking directions and polite chitter chatter. This gave us a huge advantage over most foreigners, who are helpless as children learning to talk even in Seoul let alone rural Korea and often require some form of guide or escort.

The commercial department overcame the language barrier with a pool of reliable taxi drivers and interpreters. Visiting businessman sat down with one of the team who led for his product and they worked out who he should call on during his visit. Most spent at least a week in Korea. The taxi drivers were handed a programme in Hangul (Korea's 46 character alphabet) with all their appointments for the day, the names at reception in each office, the names of who their passenger was to see and what time, plus all the phone numbers. The passenger from Britain was given a copy with English as well. We sent thousands of British businessmen around Korea by this method and never lost a soul! Nowadays I suspect the only change is that paper has been replaced by email or social media.

Koreans are great believers in personal chemistry. They won't enter into any business deal unless and until they have good *kibun*, a feeling of mutual comfort and trust with the other party. This takes time and we battled constantly to have the same terms for our trade missions as those visiting Japan; namely, assistance for five visits to the market rather than only four. To no avail and our local staff had to bridge this gap. Trade missions are ideal for introducing newcomers to an overseas market. Complete newcomers to a market can seek advice from the more experienced people on

the mission including direct commercial rivals. We had about twenty missions a year with around fifteen to twenty-plus participants. They were all organised by sound organisations, either by industry associations or regional development corporations – the North East Development Agency and the Welsh Development Agency were both highly effective and nobody was surprised when Samsung made their first industrial investment on Teesside.

Korea's economy was dominated by the half dozen Chaebols – huge family owned conglomerates. Yet thousands of small and medium sized companies existed and more sprang up every day. The government had a central plan and tens of thousands of articles, parts, machines, products were on lists of prohibited imports. As the economy grew it also became more sophisticated; I felt confident that we could open cracks in the defensive walls of Korea's economic fortress. Over the years since the Korean War the embassy had made many friends in Korean politics, business and industry. There was a thriving Korean British Society with three former Prime Ministers of Korea as active members as were many of our most important business contacts. Although we lost a very good ambassador who became High Commissioner in Malaysia, within a year the Chancery was strengthened by the arrival of Warwick Morris who had been a language student and then Second Secretary a few years earlier. Warwick spoke fluent Korean and he brought some welcome perspective to our political field glasses. Eventually he came back a third time as the Ambassador.

The UK in Perspective

What did the Koreans think of us? By summer 1986 Margaret Thatcher had won two elections, ruthlessly modernised the British economy and presided over a victory in the South Atlantic that most of the world had thought was mission impossible. Yet many fine companies had gone to wall as the reforms bit with a 17% bank rate to squeeze out inflation but new laws brought much needed common sense and order to industrial relations. I remember walking round Alfred Herbert machine tools in Coventry as though exploring an empty aircraft carrier after the work force had shrunk tenfold to leave only 1200 people making robots. Partly as a result of this devastation only GEC had a big contract under way in Korea, building the Seoul Subway with a bid for a second subway contract in the southern port of Pusan. (GEC won the contract.) Most of our exports were raw materials from hides and fur pelts to chemicals and wool yarns. We were the hewers of wood and drawers of water, the Koreans the ones who made the value added goods. There were exceptions; we sold the Koreans a modern blast furnace but ourselves made the specialised steels. Somehow, we had to restore a sane strategic balance to this trade relationship. No wonder the Koreans had an annual surplus with us of a billion dollars – in those days, with the pound at \$1.46, a deep hole.

But we were never going to close the trade gap with four hundred companies on trade missions each year and a handful of promising joint ventures around Seoul. A visit by Mrs Thatcher the previous year had reminded the Koreans that we made good quality products! My back of an envelope projection for exports during 1986 was around £300 millions. That was better than the previous year but still only approximately 0.3 % of Korean GNP and very poor share of its imports. We had to increase our percentage share until our exports grew along with the Korean economy's growth. Once we had achieved that, we could have a go at outpacing the economy's growth. The president and founder of Daewoo was a larger than life character. When I went to pay my respects

on him during those first weeks, he told me that beachheads were the first step in breaking into new markets. That made sense. We had to lure company salesmen and bosses from the thousands of medium and small companies in Britain to come and look for themselves. We needed many, many British bottoms on aircraft seats.

Before my recent stint in London I had run the British Information Services across Canada and one summer across the United States as well, though from Washington rather than Ottawa! So I knew roughly what had to be done. The embassy had a very experienced press officer, Sangon Chu, who was nearing retirement. Sangon jumped at the chance of a real campaign as his swan song. We had only three resident correspondents and stringers from British newspapers. Fortunately we had two of the BBC's best overseas correspondents based within striking distance – Brian Baron, a friend since the Vietnam War, based in Hong Kong and William Horsley based in Tokyo. William mostly reported on radio but arranged with the TV bosses in London that he would make an edition of the Money Programme about Korea. Most TV news stories are measured in seconds or minutes for a crisis. The Money Programme would give us an hour with the right audience. William thoroughly disapproved of Chun and his government – I persuaded him that the Olympics might change more than Chun expected but we didn't want to put people off coming to Korea – so we struck a deal that if he only had one riot (fair enough a big one to start the programme off with a bang) my team and I would make sure he met anyone he wished to interview. William made an excellent programme. He didn't hide the blemishes while letting Koreans speak for themselves about the potential openings for British businesses and the need to become involved with the increasing sophistication of their fast growing economy. The effect was almost instant. The flow of British businessmen began to increase and kept on increasing. Jeremy Thompson from ITV came from Hong Kong and added more TV cover. British newspapers sent correspondents and began signing up stringers, journalists on the spot who are paid for the stories they file. All became force multipliers in our media campaign back home to put South Korea on the agendas of many more companies.

Timing and Chance

Through one of those tricks of fate some fifteen years earlier I had been at the party thrown by the Vietnamese Airborne Division for Colonel Chun, newly promoted commander of the South Korean Airborne Regiment. Chun struck me as an odd, taciturn, rather self-important character while the Vietnamese airborne officers found him pretty humourless and rather shifty. Yet fifteen years later Chun was the President of his country. A decade earlier my airborne friends had fought to the last though lost a war and their country. Approved political parties kept Chun and his generals in business suits on the seat of power in Seoul. Regime change in Korea was ruthless. On the 26 October 1979 President Park was murdered by his own security chief, shot across the dining table at the presidential Blue House, thereby ending eighteen years rule by him. Power was grabbed by the now General General Chun Doo Hwan and all protest crushed; in spring 1980 hundreds of protesters were shot during two days of demonstrations in the south western city of Kwangju. The main opposition leader came from the southern coast and he was placed under house arrest. On the few occasions when he was released, Kim Dae Jung twice survived attempts on his life. The opposition parties kept their powder dry – until the generals won a bid to host the 1986 Asian Games. Holding the games, calculated the generals, would put them in the running to host the 1988 Summer

Olympic Games. Hosting the latter, they firmly believed, would put South Korea on the global map as a modern country. Their economists forecast that within three years from 1986 the country's GNP would double. As a leading Korean businessman said at the time, 'We have opened our shop window but nobody comes into the store. By hosting the Olympics Games the whole world will discover our store.'

The generals won that crucial final round of votes at the IOC - Seoul would host both games and from 1986 onwards the global spotlight swung on South Korea. What the generals had not allowed for swiftly became apparent. By winning the contest to host the 1988 Summer Olympics the generals had created a priceless hostage – the Olympic Games - and those who dreamed of real democracy now held a much stronger card. Seoul as a venue was not without controversy. The Cold War divided the World, nowhere more so than on the Korean Peninsular. North Korea immediately began constructing a larger Olympic stadium in Pyong Yang, demanding the games should be shared between both capital cities. Two thousand tanks and eighty-thousand special forces troops stood ready for war along the North Korean side of the DMZ - Seoul's northern suburbs are within artillery range from North Korea. Add to this daily rioting and tear gas as battles for democracy were fought on the central streets and sooner rather than later, doubts returned over whether Seoul was a wise choice of venue for the summer games.

Moving the games somewhere calmer would have involved huge loss of face for President Chun Doo Hwan and his government. Half way through January 1987 the Dong-a Ilbo newspaper exclusively reported the torture and death of Park Jong-chul, a student activist for democracy. This brutal act was the catalyst for the June democracy uprising. Throughout the summer of 1987 the demonstrators, mostly students, withstood tear gas and riot police batons on the streets of Seoul. The riot police had been students themselves only recently and were national service conscripts rather than policemen. Their hearts were not wedded to the job. At that stage all one could do to help was to reduce the violence through a large western media presence in the city. We had a close relationship with key people in the local media, the BBC and ITV. We had assisted BBC Grandstand and ITV Sport with their Olympic preparations for two years. Our house had become their home from home in Seoul.

My tutor in Korean politics was a wonderful small, owlish intellectual with a lightning sense of humour, Doctor Kim Sang-man, who owned the Dong-a Ilbo, the only big newspaper that still dared to defy the government. The generals had stripped Doctor Kim of his radio station but dared not silence his printing presses at the Dong-a Ilbo, its circulation about two million in those days. When Trevor McDonald arrived with an ITN News crew and came to my office on a Wednesday morning there were only two other western TV news crews in the city. I explained to Trevor what I knew and the local staff – one lady was married to an opposition national assembly member - steered Trevor to the right people in the right places at the right times. That night returning from a dinner we saw Trevor under a street lamp giving his report from Seoul. Trevor took up nine minutes of News at Ten. By the weekend there were eighty western television news crews in Seoul.

As the riots intensified, the government began to wobble. I kept up with the politics through Doctor Kim and many other Koreans including senior officers in the police, army and national security – all of whom wanted democracy. The riot police, for example, were running out of tear gas. I asked my

contacts in the police and army was this true and, if so, what did they want? Let it happen, was the Koreans' view. Supplying more would simply prolong the riots and risk the games. Sangon was also a good judge of the overall public mood. One evening in the middle of all this tear gas and tension, Jim Lilley, the American Ambassador, and I were giving out awards to university students for English literature studies. We compared impressions. He was getting the same messages. Our informants believed the government would survive but only by ditching Chun and before the games. I won't describe those days – I used them as part of my first novel, *The Tiger Pit* – before summer was over Chun Doo Hwan stepped down and his deputy won the Presidential election but the ruling political party was holed below the waterline. The Olympic Games were a huge success for South Korea and great fun for all who took part. Team GB laid the foundations for their wonderful performances in London and Rio.

From our point of view, a great double victory had been won, because democracy also meant that workers no longer accepted the equivalent of \$100 pay a month for twelve hour days and sometimes longer. Within months \$100 a week became normal. Wage inflation led to a consumer boom and the streets of Seoul became a sea of metal as Korean families bought their first cars. The Koreans looked set to boost their GNP and open up their economy faster. Until that summer the Koreans had followed the Japanese policy of closing large portions of their home markets. All sorts of manufactures from Britain suddenly became less expensive though far better quality than the equivalents made in Korea. Within a year of democracy we could sell car brakes and steering gear, car headlamps and many other finished manufactures, not just mink skins for Jindo furs, but everything from medical instruments to fire engines. I even sold an airship for security over the Olympic Games. We started to reverse the absurd situation where we supplied raw materials which the Koreans turned into value-added goods.

The Next Stages

The steady flow of business visitors grew and grew. Our commercial staff worked their socks off. Sometimes we had to bend the rules and actually negotiate prices and terms for our visitors from Britain. The alternative was the commercial equivalent of throwing Christians to the tiger businessmen of South Korea. In fairness the fasted growing church in Korea was the Baptists! That said, we could often negotiate a wider profit margin and for small and medium sized companies, this was a big help and an inducement to come back to Korea more often. There were some changes to the office that I would have made had the pace had been leisurely. After two years running flat out my impression was that the department would do better with only two UK diplomats, one of them always a former language student, though replace the other two UK officers with several more local staff. The next ambassador had stopped the practise whereby every second year the language student joined the commercial department. All now went to the Chancery. You don't change the chain of command in the middle of a battle. Moreover, in the Far East, all changes must take account of face, or you risk causing deep offence.

The number of ministers visiting also grew especially before Christmas when the shopping was superb in Hong Kong. Gradually we wore out the commercial department building. A new one had to be built during the immediately following years – I saw the designs just before I left in summer 1989.

At that stage of the year my back of the envelope forecast put our exports at £ 600 millions by year end. In fact we hit £ 630 millions and that with the pound rising to \$1.87 – all trade in the Far East is done in US dollars – and that meant that we had more than kept pace with the spectacular growth of South Korea's GDP that year. From a GDP of \$115 billions in 1986, despite the riots in 1987 South Korea's GDP reached \$ 146 billions, climbed to \$197 billions in Olympic year and then \$ 243 billions in 1989. Our exports were now close to 0.6 % of Korea's GDP and this result rewarded all that effort and frantic work by the commercial staff and our friends in the media and the thousands of Koreans who were fans of our products and friends of this country.

Within a few years Kim Dae Jung was voted President. More recently the daughter of General Park was the President but lost her job through impeachment rather than assassination. South Korea's GNP per capita nowadays touches \$ 30,000 a year compared with the British at \$40,000 and the Americans at \$51,000 (the Swiss are at \$ 78,000) a year. Chinese produce per capita \$9000 a year, their position on the ladder rather like the South Koreans back in 1986 toiling away 12 hours a day for \$100 a month. As a family we planned to visit China on the way home from Korea but the massacre in Tiananmen Square stopped that ambition overnight. Twenty years later China's students dared not attempt an Olympic coup as did the South Koreans but we should not relax the pressure on the Communist Emperor – it's very much in our commercial interest to probe and open new beachheads whenever we find a chink in his armour. The Tibetans yelled their heads off when the Chinese Emperor visited Bern. When he protested, his hostess, the Swiss President, explained with a touch of Zhou Enlai that her country has been a democracy for eight-hundred years and most countries, including China, were still catching up.

Did We Reinforce Success?

Simple team work played a key part in doubling our exports to South Korea during those three years from spring 1986 to summer 1989. Of huge importance was that the British media were part of the team. Had the beachhead been held – better still others seized - our increased share of South Korea's imports would have grown with the country's amazing GNP growth. Today British companies would be selling about \$15 billions a year to South Korea and no doubt the South Koreans selling as much to us. There would be balanced trade and almost certainly much greater investment in each others' countries. Instead, one finds that last year our share of South Korea's imports had shrunk to where it stood the day I stepped off an aircraft at Kimpo Airport back in May 1986. Yes, the overall figure looks much better - the South Koreans sold US \$6.9 billions to us and we sold US \$5.2 billions to them. The figures for Germany last year, however, are US \$ 6.4 billions of imports from South Korea and US \$19 billions of German exports to South Korea. The Germans succeeded in exploiting their beachheads. We failed even to hold ours and our exports shrunk back to our market share of thirty years ago.

The Germans support their exporters through chambers of commerce in most of their export markets. These chambers receive financial support from the government and fulfil the functions of our commercial diplomatic posts. My friends who are experienced German diplomats who have served in places like Russia and the Middle East say that the chambers of commerce do a good job and can call on the embassy whenever they need some diplomatic firepower. Yet I find it hard to

believe that over the last thirty years the staff of the German chamber of commerce in Seoul was four times more effective than our local staff at the British Embassy. When I left we enjoyed the reputation of a true friend in times of trouble – we enjoyed good kibun – and Koreans wanted to do business with us because we could be relied on when danger loomed. There must be another reason for this disappointing result or else a combination of reasons. After leaving the FCO apart from writing books most of my time has been spent working for an industry and then running my own company. I was a member of the CBI Council for a time as well. In my previous life I had run two diplomatic commercial departments. Later on, as a potential customer, I took on my own young Japanese speaker rather than rely on the embassy in Tokyo for help and his sales record proved this decision right!

There was no lack of interest from industry, business and banking by 1989. When I called on Jimmy Cleminson, the Chairman of the British Overseas Trade Board, on my return from South Korea, he was full of enthusiasm. He had visited Korea and I still have photographs of him on Gloucester Hill looking out across the DMZ and Imjin River to the distant ridge of the Hook. Jimmy Cleminson was a famous man in airborne folklore and a very experienced businessman. He was concerned about exploiting our export beachheads. Two years later I left HM Diplomatic Service and we finally enjoyed our home in Sussex. During nearly twenty years I never saw or heard anything about export markets on BBC or ITV let alone a full hour on the Money Programme. My impression was that my three years in South Korea probably were regarded as disruptive by the FCO Vatican and that after my departure normal service had been resumed. (In fairness the Head of Personnel for the Secret Service once told me that I was far too lively for them!) I also found dealing with the DTI as a customer was incredibly complicated. The internet was brand new and most research depended on the telephone and fax. This could become expensive when you were passed from one young desk officer to another. I had opposed charging companies for commercial advice when they already paid taxes. You want potential exporters to feel free to pick up the telephone and call the commercial post in the target market. Today the Internet solves all these problems but the DIT still inserts itself as a filter and when one is aware of how more is known by the people on the spot, the filter becomes simply an annoying frustration.

According to the guide page on our embassy website, UK exports to South Korea have risen 21% since 2003. During that time South Korea's economy grew about 40% measured by their own GDP figures. The UK has a 1.2% share of the South Korean market for goods and services. This compares with 0.6% for France and 0.8% for Italy. Back in the 1980s all our trade was goods. There was a beginning of trade in services but it was very early days. I don't know why we fell so far behind on the sale of goods but as we approach Brexit we ought to find out why. For some reason historic British trade figures are hard to extract from the internet. Perhaps there is a similar problem as with immigration and current account statistics?

There is a British Chamber of Commerce in Seoul and they offer introductions to the market. Face is central to all human activity in Korea and the Embassy staff will have much greater 'face' than a mere mortal at a chamber of commerce. Which is why having diplomatic commercial departments in embassies is the right approach and should produce results that surpass those of the German Chamber. Another possibility is that the flow of business visitors from Britain has not grown with Korea's GNP. A further reason may be Whitehall's obsession with our Continental neighbours. You

may share my bemused incredulity when listening to former senior diplomats spouting in the House of Lords about the 'gravity theory' and how trading costs increase with distance and therefore we must stay within the orbit of the mighty German lodestone. Yes indeed chaps, the gravity theory explains simple truths, one of which is that all the industrial economies around Germany, undermined by the devalued Euro are gradually being gobbled up.

A Wider Context

Our islands prospered by escaping the economic gravity pull of Spain, then Holland, followed by France and for the last hundred years, Germany. Joining the EC was a huge strategic blunder and ignored five centuries of hard lessons and huge successes. We always prosper when bold people act outside the box. When the new world was discovered the Pope gave Brazil to Portugal and the rest of Latin America to Spain. The English response was to become protestants, grab islands in the Caribbean as bases, turn themselves into pirates and rob the galleons loaded with precious stones and metals as they sailed along the Spanish Main. Only by breaking free into our own, far wider orbit could we compete on level terms.

Sometimes I wonder if quite a few of the people who spent their careers shuttling between London, Brussels, Bonn, Paris and Washington actually know the planet is a ball. Wellington in New Zealand is further away from Seoul than London. Buenos Aires is twice the distance from Seoul as both London and Wellington. If all these gravity economists were right New Zealand would have no trading partners save Tasmania and a few Pacific Islands and the South Koreans would trade only with Japan, China and Pacific Russia. In fact, the Kiwis have a trade surplus and do business with places as far apart as China, Japan, South Korea, the USA, ourselves, Switzerland, Germany, Malaysia, Australia and South America. The South Koreans broke free of China's and Japan's gravitational pulls by trading all over the planet. We should resume that same well proven strategy. As for this bunk about higher trading costs, sea freight prices are near enough at an all time low because of less demand from China. If I recall it costs about 50 pence to send a pair of jeans by container ship from Hong Kong to Felixstowe. Obviously the Chinese haven't suffered much from this gravity theory either or their only customers would be Russia, North Korea and Pakistan. Far too much nonsense is spouted by people who ought to know better, or worse, despite decades as senior diplomats simply never experienced the rough and tumble of world trade face-to-face with the customers.

Over the last thirty years Korea's economy has grown at astonishing speed and today GDP touches \$1.5 trillion. Compare this with North Korea's GDP estimated at possibly \$40 billions but probably less and a per capita annual GDP of \$1800 from about twenty-four million people as opposed to \$30,000 per capita from the fifty million souls in South Korea. We might not want to adopt the entire bag of tricks that brought South Korea to its present economic power (such as barely-disguised military rule and long hours for low wages combined with regular massive cash crises) but there's much we can learn from their strategic grit, hard work, intellectual curiosity, imagination, team spirit, zeal and pride. The Japanese regard the Koreans as rebellious farmers – nowadays the latter build half the world's container ships. Not bad going in less than fifty years. One grows to know and relish these unruly people.

Chung Ju Yung, founder of Hyundai Corporation, liked to tell the story of how a small family construction business turned into a global corporation. When the Korean War started the Americans were desperate for airfields. Chung and his younger brothers put in a bid to become the main contractors. Although they did not mention it at the time, they owned not a single bulldozer or piece of plant that could build an airfield, nor had they any more than a tiny work force. Once the Americans gave them the contract, everyone supplied what they wanted and men lined up for jobs even though at that stage they could not pay for anything including wages. After the Korean War they started taking on construction work overseas and ventured into steel making and ship building. By 1967 they had recruited George Turnbull, former MD of Morris Motors and his team of five other experienced British carmakers to launch the Hyundai Motor Company. When I knew the Chung brothers during the 1980s they had started exporting cars and just launched Hyundai Electronics. Mind, at the car plant in Ulsan on the east coast, you could still see pairs of feet sticking out of the Ponies on the overhead production line.

They were helped by a strong Confucian tradition that is the foundation for the politics of South Korea. In those days strict government by former generals was backed by approved political parties. Opposition allowed so long as it knew its place. These cleared the way for central planning and allocation of money, land, resources. Research institutes, industry and trade associations were set up according to the central plan. Everyone knew the plan and their place in the strategy. Wages were kept low and most imports kept out. Education became the first rung on the ladder to a better life but even the best educated women found it near impossible to land a responsible job other than medicine.

The Lee family built up Samsung during the same era. They are suffering a bit of scandal at the moment but the factories will keep mass producing telephones. Two other conglomerates were Lucky Goldstar and Daewoo, respectively starting out making white goods and ships. These big conglomerates are known as Chaebols by the Koreans. As with Chinese manufactures today, Koreans had to learn some hard lessons – Koreans joked that the letters QC stood not for quality control but for ‘quite close’ in their factories. Health and safety did not feature on most production floors. Local markets often became flooded with surplus production. Street vendors would give you packets of socks or Lacoste labelled tennis shirts as change rather than money. None-the-less, we should learn from their team work, hours spent mulling over strategy, their determination to wade ashore and grab beachheads in foreign markets, their hunger for knowledge and the drive to make themselves leaders with technological breakthroughs such as chip capacity. After all, Samsung’s Galaxy mobile phones may not do everything their rivals can, but they perform well enough for Samsung to capture the largest share of the global market.

And it’s worth listening to another nugget from the same mine. ‘Without manufacturing you cannot lead innovation and lead the market. Of course, the trend is moving towards software but without the foundation, without hardware, you won’t be successful in software.’ Wise words from Boon Kyun Yoon, the CEO of Samsung Electronics who make and export all those mobile phones.

They now have the most wired up society on the planet but manufacturing represents 24% of their economy. Again, we should learn. Nor do the Koreans put all their eggs in one basket. They make the steel for the ships and cars they build. They make the electronics that go into everything from ships

to mobile telephones. They keep control over the whole production line from start to finish. They do not sell strategic industries like steel production to a Dutch Group only for the British steel maker to be shut down. Koreans, quite rightly, look upon this as pretty dumb business, making a few quick bucks for somebody in an Amsterdam office while losing a vital national capacity and its skilled workers. And, if the British bankers are not capable of understanding this, then our government should do what the Koreans would – invite somebody else to open an industrial and business banking sector and start issuing bank licenses. Bring in new faces with smarter brains though who are less greedy.

We know it works – look at the amazing growth of Silicon Fen through the financial guidance and backing of the Cambridge Network. Some 24% of venture capital in the UK goes into Silicon Fenn. The annual turnover of the high technology industry around Cambridge is now £ 14 billions and this is expected to double within the decade. Nine more Silicon Fens would raise economic growth by around 10% a year. Of course, Cambridge University is a world leader, but already another world leader, Imperial College, has started to build a similar incubator at White City in London.

Other Tigers

South Korea is not a lone Asian tiger. From 1961 to 1997 the GDP of Hong Kong grew 180 times and GDP per capita grew 87 times. With a population of seven millions and a work force of three millions, Hong Kong has a larger economy than Israel or Ireland. For the last seventeen years Hong Kong has ranked as the World's freest economy in the Wall Street Journal and Heritage Foundation Index of World Economies. Low levels of public spending yet plenty on schools, roads, hospitals, led to low foreign debt and accumulated reserves of \$280 billions. Hong trades with US dollar as its reserve currency thus needs huge reserves of dollars.

Another country we can learn from is Singapore. Between 1980 and 2011 the GDP of Singapore grew eleven times. Like its sister former British colony, Hong Kong, the island state has a reputation as the most free, honest, business friendly economy on the planet with a highly educated and motivated work force, huge numbers of whom speak English: more English speakers than any other country in the region unless you count Australia and New Zealand. Singapore was pushed out of Malaysia only three years after independence for the whole Malaysian Federation. The usual doom watchers prophesied economic catastrophe in 1965 when Singapore quit the gravity field of the Malaysian Federation. Actually the Malaysian Parliament voted as one (no members from Singapore were present) for Singapore to become independent! The island has survived exit from a larger economic unit, managed to stay friends, and done rather well.

We could learn also from their approach to health insurance, pensions and indeed housing which are all covered by the Central Provident Fund. Contributions are levied at 16% for the employer and 20% for the employee. While the scheme may not slide smoothly into the British economy, there must be lessons we could learn and apply. Somebody needs to overhaul, properly, the management and financing of our National Health Service. Always remember that Lee Kuan Yew, the man who created modern Singapore, quit the LSE for Cambridge where at Fitzwilliam College he gained a rare double starred first for Law. Indeed, one must add, Singapore has only two natural resources – its

geographical position which since the days of Raffles has made the island one of the main cross-roads on the global sea lanes, and its people. GDP per capita in Singapore is calculated to reach US \$51,000 this year. The same figure for Switzerland is US \$78,000 and US \$40,000 for the United Kingdom. Even allowing for the low pound these three numbers tell all you need to know about our economy and political management. There is no future for us as yet another branch plant of the German economy run by London fat cats employing provincial and imported mass cheap labour. This is the doom watchers' creed because the upheaval from Brexit doesn't suit their comfort zone lives. The sooner we break free of the EC the sooner we can start repairing the damage after forty years of steering backwards towards the continental middle ages.

Years ago in Lahore I used to find a hundred Kashmiris lined up every morning outside my office, all trying to obtain entry certificates to go to Bradford and other northern towns to work in the cotton and carpet mills. They were the salt of the earth, good people who mostly had never learned how to sign their names. Nowadays the mills are long gone but a resentful third generation are still here and not all are like their grandparents, look at the trouble just a few can cause – everything from child prostitution rings to terror cells.

The third country we should study is the island republic of Taiwan. The island is slightly larger than our next door neighbour, the island of Ireland, though with three times the population, some twenty-three millions rather than just under seven millions. For about fifty years it was a colony of Imperial Japan. In 1949 the island became the last refuge of the old Republic of China led by Chiang Kai-shek, fourth leader in the grand alliance of the United States, the British Commonwealth and Empire, the Soviet Union and the Republic of China against the Axis powers of Germany, Italy and Imperial Japan. The Republic of China was a founder member of the UN and by rights should have kept its seat rather than hand it over to Communist China, who could have been given their own seat. Taiwan always fascinated me because it's a completely Chinese society devoid of any direct foreign influence since the Japanese surrendered in 1945 and departed for good. It's what a democratic mainland would look like.

During their colonial occupation the Japanese had industrialised the island, developed the transport infrastructure, built a proper sewage system and introduced formal education for all inhabitants. After the war the Taiwanese built on this although there was a nasty period when Chiang Kai-shek rooted out anyone he suspected of communism but that gave way to rule by his son who introduced real democracy. By the 1960s the island boasted a thriving economy. Today the island's GNP is over US \$ 500 millions – with an annual GNP per capita of US \$ 23,000 although those figures triple and double when PPP is calculated. The island has the two largest chip makers in the world. Only Japan has a larger semi-conductor industry. Taiwan is gradually moving towards capital and technology intensive industries to compete with its neighbours and the United States. Here is the kind of opening that British companies must look out for in the future. They want to invest abroad and have done so across the water in China. The work force is highly educated and inflation low. Again, we can learn from the Taiwanese, and we should do much more business with them.

All these Asian tigers have highly educated and motivated work forces. Their trade reflects some 'gravity' with China, Malaysia and Japan but is much more evenly spread around the world than ours. We have paid a high price for our membership of the EC. In a nutshell for over forty years we

have coughed up half a trillion pounds in cash and opened our markets to Continental industry. With the result that a further transfer of wealth and wealth creating jobs took place from our islands to the Continent. The electric Mini will be built in the Midlands but actually only the car bodies will be made in the UK. The key technologies – the motor and battery – will be made in Germany. A more accurate description is that the Mini will be assembled in the British lower technology branch plant of the German car maker. HP Sauce is another typical example. Cross & Blackwell made the sauce with local fruit from Worcester. Anyone who knows the county knows that's what gave the sauce its special taste. A Dutch investor bought Cross & Blackwell and swiftly closed it down. They wanted the name, not the work force and ingredients. Now HP Sauce is made in Holland with fruit from somewhere cheap. I won't touch the stuff. It's no longer the product claimed by the name on the label. We should ban this kind of takeover.

Ambitious Opportunities

In many of the world's more distant markets the opportunities for British exporters and investors are almost limitless. Ignore the doom watchers. Let's make things again, let's build things again.

The next wave of fast growth markets are the direction that we should look when seeking our economic future. And this will include many individual sectors in the United States. Look at the explosion of growth of America's IT giants since Tim Berners-Lee designed the World Wide Web.

Forget Fortress Europe as the Koreans call the EC. The other 93% of the planet is far more dynamic and open to new ideas and new products. And while we're changing course to full speed straight ahead, let's rebuild our merchant navy to carry a lion's share of this future global trade.

About the Author



Adrian Hill joined the paratroops at 17, and by 19 was an officer in the Royal Engineers. After the Army he served with Her Majesty's Diplomatic Service for almost 30 years. He jokes that he saw more wars and combat as a diplomat than he ever did as a soldier - India/Pakistan 1965, Cyprus and the Middle East 1966-1968, South Vietnam 1969-1971, Northern Ireland 1971-1974 and later South Korea.

Following retirement he became an author, then Chief Executive of a major industry association and Member of the CBI Council, before he retired again. He subsequently took the London Tourist Board examinations as a tour guide and later became a member of the Institute of Tourist Guiding. He is the founder of British Sky Tours, <http://www.britishskytours.com/>, and is a regular expert grassroots commentator at the Veterans for Britain campaign website. Adrian is married with two grown children.

