

THE BOBUSANG: THE SUPER PEDDLER MERCHANTS IN KOREA

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ABSTRACT

The objective of this article is to introduce the Bobusang system (peddler merchants system) as an interesting historical marketing institution in Korea. The paper covers the uniquely Korean aspects of its origin, philosophical foundation, organizational structure and governance, merchandise distributive activities, and social service activities from a historical perspective.

INTRODUCTION

Peddler merchants representing the first type of commercial activities evolved at early stages of economic development in all societies. The Korean peddler merchants called Bobusang had already developed to some extent during the Samgug (Three Kingdoms) Era (ca 400 - 735 AD) at which time "money" began to be used. However, the Bobusang system was developed into a nationwide organization in the Yi dynasty, which was established in 1392. It can be classified as a merchant guild in a broad sense. However, as we explain in this paper, it was unique in many respects and different from the Western style merchant guild whose primary objective was profit making.

As far as the authors of this article are aware of, the Korean Bobusang system has not been introduced to the Western world, in spite of, or rather because of, its uniqueness in terms of its origin, basic philosophy, operational structure and activities, which made it quite different from the merchant guild seen in the Western world. To quote a Japanese observer of the Bobusang system: "Regardless in which state it may be situated, an outstanding people has its own cultural product. From this viewpoint, the Bobusang merchants were the cultural product created by the Korean people. If one has found the glory of the Korean people, it is in the system of Bobusang merchants; it really represents culture, spirit and brilliance created uniquely by the Korean people." [Kenzo Kikuchi (1931), p. 155]. It is particularly noteworthy that this observation was made by a Japanese scholar during the Japanese colonial rule in Korea; during that period the Japanese tried to either ignore or downgrade the past achievements of the Korean people.

The objective of this paper is to introduce the Bobusang system as an interesting historical marketing institution in Korea. Therefore, the paper covers its origin, philosophical foundation, organizational structure and governance, merchandise distributive activities, and social service activities from a historical and descriptive perspective. Hopefully, this paper may lay a basis for such subsequent studies as

comparing the Bobusang with the Western merchant guild, or relating it with the development of modern Korean marketing system.

ORIGIN OF BOBUSANG SYSTEM

As to the reason and/or cause for founding the Bobusang system, several theories have been advanced. The first theory sounds like folklore or an episode of a drama. When the founder of the Yi dynasty planned to erect Temple Sukwang to pray for the heavenly bliss of his ancestors and to thank for his mentor, Great Monk Muhaggugsa, he wanted to make the temple magnificent by installing statues of 500 disciples of Buddha transferred from Samchuck in the remote mountainous region of Kangwon Province. Baik Dalwon, a brave peddler merchant led eighty-some young people and cooperated with masons in transporting the statues. The founder king repaid Baik's heroic and hard work and asked his wishes. Baik asked the king to grant him the headquarters office of the Bobusang merchant system in Kaisung, the old capital, and the right of monopoly of fish, salt, woodenware, earthenware, pig iron, etc. Thus the peddler merchant system was officially sanctioned to deal with these goods throughout the country.

The second theory of the organized peddler merchant system goes as follows: When the founder of the Yi dynasty was hit on his head by a flying arrow of the Manchurian tribe (Yujin tribe) and was fleeing, a peddler merchant named Baik Dalwon rescued the future founder of the new dynasty. When he established the new dynasty, he granted the above-mentioned privilege to Baik and his fellow peddler merchants.

The third theory goes as follows: When the founder king was struggling to establish his new dynasty, peddler merchants from Hamkyong Province cooperated with and recognized the general. The Hamkyung was his native province located farthest northeast bordering with Manchuria. In order to repay their help, he granted the official seal of the Bobusang organization, designating it the sole organization which can sell the above-mentioned products nationwide.

Another theory is related with the officials of the previous Koryo dynasty who had been removed from, or were reluctant to serve, the government of the new Yi dynasty. Since they lost their land, they wanted to become peddler merchants and operate throughout the whole country, thus forming a new socioeconomic class.

Finally, in order to avoid extortions of greedy local officials and gangsters in the chaotic times of the last period of the Koryo dynasty, peddler merchants organized themselves based on the principle of self-protection and showed their willingness to cooperate with the new dynasty's central government to tide over national crises, thus gaining support of the central government and earning respect from the general public because of their unselfishness and self-discipline. This is said to be one of the main reason for the Bobusang merchant system that continued until the time of annexation of Korea to Japan in 1910, when the Japanese colonial rule in Korea abolished and prohibited the peddler merchant organization. Incidentally, it is quite obvious and understandable why

the Japanese rule decided to get rid of the Bobusang system; the merchants actively participated in resistance to Japanese invasions of Korea.

Each of these theories about the origin of the organized peddler merchants of Korea seems to contain at least some partial truth in their respective reasoning, but the real origin seems to be the alloy forged with all of the elements contained in all the above-mentioned theories. When an agrarian economy such as the old Korea improves its productivity or faces some socio-political disruptions, those farmers who lost their land and those who had worked for those dislocated farmers had to find a new means of livelihood. Some of those with handcraft skills found it most appropriate to sell their handcrafts as well as products supplied by other producers. In addition to these universally observed economic evolutionary processes, the circumstances unique to Korea during the dynastic transition period and the new dynasty, have produced the Korean peddler merchant system uniquely Korean.

In general, when an economic society and/or political system changes, the traditional or old value system is shaken. The traditional Korean value system was dominated by the Confucian doctrine supported by the upper class called Yangban, namely, the ruling aristocrat class composed of civilian and military sects. The founder of the Yi dynasty was from the military sect, which was still a part of the aristocrat class but was considered inferior to the civilian side of the ruling class. The Bobusang, Korean peddler merchants who had been dislocated from farming, formed the newly emerging, lowest economic class; consequently, they represented the least educated and poorest socioeconomic class. While the Yangban class, especially its civilian sect, boasted of their high level of education and Confucian virtues, these peddler merchants were determined to demonstrate: their own worth through their hard work day and night; their own high moral conduct in their dealing with the customers based on self-governance and self-discipline; their performance of social functions; and paying absolute loyalty toward the national authorities especially at the national crises.

PHILOSOPHICAL FOUNDATION OF THE BOBUSANG

As mentioned earlier, the Korean peddler merchant organization can be considered a merchant guild from a Western perspective of the Middle Ages. From its basic orientation, however, it was oriented more towards the social goals than towards private goals of profits, primarily because of the government-sanctioned formation at the beginning of the Yi dynasty. This aspect of its foundation led to a unique and singular ideological frame of the organization.

The dynastic transition from the Koryo to the Yi dynasty witnessed an economic structural change. As agricultural productivity improved, relatively small scale farmers and their landless workers lost their base of livelihood on the farms. At the same time, some of these landless people had to acquire handcraft skill, and many had become roving merchants. They were forced to find a new way of livelihood. The newly established dynasty originated from the military sector, and needed support from this

newly emerging class, although the basic philosophy of the government of the new dynasty was still Confucianism which was strongly upheld by the upper Yangban class. Under such circumstances, the newly emerging class had to formulate its own class philosophy for its own existence. Hence a unique ideology, as a new value system, which could sustain and articulate their organizational goals and at the same time could accommodate the changing societal needs of the time.

The basic philosophy of the Bobusang as a socioeconomic class can be analyzed from four different dimensions. The first dimension is its basic posture towards the state, which can be summarized as "**unconditional loyalty**" toward the country. Being the lowest socioeconomic class but with the monopolistic privilege granted by the government to sell nationwide those products specified by the government, the organization directed and disciplined its members to practice complete loyalty and unconditional allegiance to the interest of the country. The members were disciplined to such an extent as to show their willingness to "jump into boiling water and fire" whenever they were called upon by the government, especially at the national crises such as foreign invasion of the country. They sacrificed themselves and fought bravely when foreign armed forces invaded Korea or when rebel groups attacked. For instance, their patriotic devotion and sacrifices were well demonstrated and recorded in the history during the Japanese invasion called the Imjin Incident (1592-1597), the Chinese invasion called the Byongja-horan (1627) and the French attack at the Kangwha Island (1872).

The second dimension of its organizational philosophy is the merchants' attitude toward their customers. Since the group viewed its primary function as enhancement of customers' convenience through meeting their needs, they were disciplined to adhere consistently to the principle of "**credibility and reliability**" toward their customers. They were disciplined to be considerate to their customers, to strictly refrain from aggressive selling or cheating, and to regulate themselves to deal with only those products the government permitted.

The third dimension of the organizational philosophy has to do with their codes of conduct toward other people in the society. It can be summarized as "**courtesy and civility**." This philosophical guideline is well expressed by their codebook admonitions: "Never make absurd remarks; never misbehave yourself; never indulge in lechery." This point is remarkable considering the fact that they belonged to the lowest socioeconomic class in those days.

Finally, the fourth dimension of the group's basic philosophy is about their relational behavior toward and among themselves, which can be summarized as "**friendship and fellowship**." The vertical and horizontal human relationships with superiors in the organization and with fellow members were compared to those of parents-children and brothers. They extended assistance unsparingly to fellows under the misfortune of emergency, hardship and sickness, and they celebrated others' happy occasions together as if they were their own. Despite their low class status, this spirit of unity made it possible for them to gain respect from all levels of the people.

ORGANIZATIONAL GOVERNANCE

An organization is a cooperative structure aiming at attaining its goals established in a conscious and well-thought-out manner. Its basic organizational elements consist of its common goals, communication of ideas, and the will and the capacity to attain its goals. A continuous maintenance of an organization requires effectively attaining the common goals and efficiently satisfying members' motives and needs. From this point of view, the Bobusang organization had clear-cut common and collective goals. As mentioned above, principles of mutual self-help and spirit of unity among the members were remarkably permeated throughout the organization nationwide. It utilized a unique operational structure to accomplish its organizational objectives through effectively promoting its professed philosophy.

First, each local Bobusang unit had an executive committee comprised of elected officials. At the beginning, the committee members were appointed by the upper level unit. Later on, however, they were chosen through election by each regional unit, which usually coincided with the boundaries of the governmental administrative units of counties. In other words, its General Assembly elected officers for one to two year terms depending on positions. The elected executives had enormous power but at the same time they had clearly defined responsibilities and jurisdictions. It is particularly worth noting that, while the regular government structure during the Yi dynasty was highly centralized and all the officials from the top to the lowest administrative level were all appointed by the central government, the Bobusang organization had a democratic election system.

Secondly, for the purpose of maintaining efficient and effective communication in the organization, two methods of communication were institutionalized. The first method was towhai. It was a meeting of all members in order to improve communication between executives and fellow members and also to promote constructive opinions and suggestions from the bottom up. The second communication method was a written method called sabaltongmun. This method could cover all levels of the organization and reach all members from the capital city to remote areas. Its speed and accuracy were also highly praised by historians.

Thirdly, the organization maintained and operated the traditional informal banking or credit union system called kye. Its primary purpose was to make it possible for its members to accumulate capital. This system enabled the members to maintain and practice their ethical standards without emphasizing the profit making objectives too much. In addition to the financial function, the kye system practically supported the organization's basic philosophy of mutual self-help and friendship.

Fourthly, the Bobusang system was a financially self-supporting institution. The main source of revenue was its membership fees. The secondary sources of revenue consisted of fees for issuing membership identification cards and penalties levied against those members who violated the regulations of the organization. Incidentally, the identification cards became necessary, because, as the system worked well and provided

its members with profits from regular dealings, charlatans had appeared on the scene. It must be also noted that, the revenue was used not only for its own operation but also for helping the government and the society as a whole when crises called for food supplies and logistic supports.

Finally, the discipline system was extremely strict. Although the relationships between and among members in the hierarchy were like those between parents and children and among brothers, the organization maintained law and order by enforcing the rules and regulations rigorously throughout the organization. The enforcement was accomplished solely on its own authority without the government intervention throughout the whole period of 500 years of the Yi dynasty. This aspect was also very unique to this organization, while the regular government was often characterized by corruption and infighting among factions during most of the Yi dynasty period.

MERCHANDISE DISTRIBUTION ACTIVITIES

The distributive function in an economic society represents the exchange and distribution of goods and services. The Bobusang merchants were peddler merchants selling government-sanctioned monopoly products such as fish, salt, pig irons, woodenware and earthenware, etc. to people throughout the country. Their distributive function was carried out through two main venues: selling at periodical markets and selling by visits to individual customers. During the Yi dynasty the government and the ruling class of Yangban relied mainly on agriculture as the financial source of the government and sources of their income and wealth; consequently, commerce and handcraft industry were generally discouraged and the people engaged in those occupations were looked down upon. But, exchange of merchandise was recognized as necessary, so the merchants' activities were connived. The merchandise trade was carried out by Bobusang merchants carrying various merchandise between local periodic market places.

Normally, these periodic markets were located in respective population centers. These markets are located about 8 to 10 miles apart each other. The market days of a place were 6 times per month; for example, they were the 1st, 6th, 11th, 16th, 21st, and 26th days of each month; and those of the second market place would be the 2nd, 7th, 12th, 17th, 22nd, and 27th of each month; and so forth. The Bobusang merchants could sell during day time and move to the next market during the night time. Thus, usually, one county used to have five market places. When a county is relatively small, there may be only 4 market places in the county, then the Bobusang could travel to a near-by market place in the adjacent county for his fifth day or could have one day off. This arrangement made it possible for the Bobusang merchants to cover the whole country. Toward the end of the Yi dynasty and at the time of inception of the Japanese colonial rule in Korea, there were over 1,000 periodic markets in the country; at that time there were approximately one million Bobusang merchants nationwide.

As the quantity and quality of the merchandises dealt with by the Bobusang merchants increased, there appeared wholesale merchants called kaekju at major population centers

covering several counties and major ports. And at the same time, there appeared also relatively large scale producers of handicrafts, tools and instruments. These wholesale merchants and large scale producers supplied merchandises to the Bobusang merchants. Sometimes, there were also Bobusang merchants who produced those merchandise at a small scale to sell, utilizing their household labor.

The second venue of the Bobusang merchants' operation was visit-sale to customers. Bobusang merchants were classified into two groups: Bosang merchants and Busang merchants depending upon the manner in which they carried the merchandise. The literary meaning of Bosang is a merchant carrying the merchandise in a cover-all wrapping cloth; and that of Busang is one carrying the merchandise in a large pack hamper on his shoulder. This different manner of conveyance is very much dictated by the size and nature of the merchandise that each group is handling. Most Busang merchants carried daily necessities to consumers in remote rural areas; many Bosang merchants carried relatively expensive and less bulky items such as metalware, handiwork and decorative items and visited individual customers and sold at their homes. Some Bosang merchants who had accumulated capital chose to establish stores of their own.

SOCIAL SERVICE ACTIVITIES

We can categorize the Bobusang merchants' social service activities into four classes: (1) transportation and labor; (2) tax collection; (3) intelligence gathering; and (4) communication. First, as to their services in terms of transportation and labor, during the peaceful times they provided services without remuneration for the construction of castles, temples and other public works that the government wanted them to contribute to. During national crises, they transported military provisions and war supplies. Especially, when the national forces were encircled by enemy troops and regular military logistic means could not function, the Bobusang merchants under disguise performed extraordinary logistic services successfully and heroically.

Secondly, the Bobusang merchants collected taxes for the government. Tax collection was their duty toward the government, not a right or privilege. In other words, they did not receive any monetary rewards for tax collection services. As mentioned above, during the Yi dynasty the main source of government revenue was from the agricultural sector. However, the market tax also represented a part of the government revenue. They paid, of course, the business tax for their own businesses. In addition, they charged taxes to producers for items they bought, but they paid to the producers only the prices of the merchandises per se, and the taxes were turned over to the government through their organizational hierarchy.

Thirdly, since the Bobusang merchants covered the whole country and the people's life and economic activities were connected through the market places, their role of intelligence collection was also significant. For the government the Bobusang merchants collected intelligence about trends and states of public sentiments and about wrong doings of local government officials. Often, secret inspectors sent out by the central government relied on the Bobusang merchants for more objective information about

local officials and the well-being of the general public. During national crises -- invasions by foreign military forces or revolts -- assistance provided by the Bobusang in gathering intelligence about enemy sides was invaluable. Their intelligence gathering was also often used for their self-discipline and often for market development in terms of routes, locations and products demanded.

Finally, their contributions to communication can be classified into three functions: (1) transfer of news; (2) private (personal) communication function; and (3) special communication function. Since the peddler merchants covered regularly the market places encompassing a whole county and sometimes in an adjacent county, regional news was easily and quickly transmitted throughout the region by these merchants. The news on a wider scale such as provincial and national news were also propagated, albeit slowly, through the channels of these merchants. Moreover, since the relationships between the Bobusang merchants and the general public were very close and on a personal basis, the network of these merchants became an actively sought-after communication media between people living apart in different towns and villages, since they traveled between the market places and into remote villages. Whenever necessary, the Bobusang merchant organization functioned also as a supplement to the government communication system, especially in national crises and emergencies. Their unique emergency message transmission method called sabaltongmun was extremely effective and efficient. It is again worth noting that the communication functions mentioned above were performed as social services not for making profits for themselves.

CONCLUSION

From the above description and analysis of the topic, we conclude that the Bobusang system in Korea is much more than a simple organized group of peddler merchants. Despite their lower socioeconomic class, the Bobusang merchants were a proud group imbued with a strong sense of mission and objectives way beyond a worldly profit motive. Their mission and goal is characterized by a set of four spiritual and attitudinal values: (1) unconditional loyalty and allegiance to the country, (2) credibility and reliability toward customers, (3) courtesy and civility toward people, and (4) friendship and fellowship toward and among members.

In addition to merchandising and distributing services, this Korean peddler merchants provided important social and national services such as volunteer services for public works, unusual military logistic services, tax collecting services, intelligence gathering services, and communication channelling services.

As a follow-up of this paper, the authors think of at least three aspects for further study: the comparison of the Bobusang system with the Western merchant guild, the comparison of government-business relationships under the Bobusang system and the Western mercantilism, and the relationship of the Bobusang system with the modern Korean marketing system since World War II.

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