

**SOAS-AKS**  
**Working Papers in Korean Studies**

*No. 17*

**TRUTH AND FALSEHOOD IN CHOSŎN-PERIOD  
FINANCIAL SOURCES: THE ACCOUNTING METHOD IN  
THE LINEAGE KYE OF THE SUWŎN PAEK LINEAGE IN  
SANGGŬM VILLAGE, CHANGHŬNG COUNTY, CHŎLLA  
PROVINCE, 1918-1945**

Kim Kuentae

July 2010

<http://www.soas.ac.uk/japankorea/research/soas-aks-papers/>



# **Truth and falsehood in Chosŏn-period financial sources: The accounting method in the lineage *kye* of the Suwŏn Paek lineage in Sanggŭm village, Changhŭng county, Chŏlla province, 1818-1945**

**Kim Keuntae**

Seoul National University

## **1. Introduction**

Over the years much research has been done trying to track social changes in Late Chosŏn by using financial sources recorded over a long time period, such as the *hojŏk* 戶籍 (household registers) or the accounting records of *kye* 契. Although it has been pointed out at times that the reality of those times has been transformed to a certain degree when preserved in such documents, most research has not paid any attention to such warnings. The majority of researchers have never doubted that such sources perfectly represent the reality of the time.

The most representative case is the research based on *hojŏk*. As is well known, before the digitalization of the Tansŏng *hojŏk*, research was performed under the premise that a *ho* in those records represented a natural household living and eating together. This premise inevitably had to be revised after the digital data of the Tansŏng *hojŏk* had been available to the academic community. What the research based on this digitalized data showed was that the relationship between natural households and the *ho* in these records was very complicated. This tells us that it is very dangerous to simply just make a statistical analysis of *hojŏk* data and then use it in family or demographic history.

Recently an active field of research has been to look at the larger trends of Late Chosŏn, and the meaning of those trends, by using financial accounting sources of *kye*. Representative of this is the line of research that argues for the "19-century crisis". However, recent research on the accounting records of *kye* has shown that the research on rice prices that has used such *kye* records has not been based on a strict critical analysis of the sources. The rice price that is recorded in the *kye* accounting records of Late Chosŏn is not the market price but rather the postulated conversion rate between unhulled rice and money (作錢價). This indicates that there can be a certain discrepancy between the information in these accounting records and the reality

of the time. Bearing this situation in mind, this paper will aim to show the truth and falsehood in such Late Chosŏn *kye* accounting records.

## 2. Income

### 1) The source material

The Paek lineage in Sanggŭm village wielded influence as the representative yangban lineage of the Changhŭng county. Between 1764 and 1959 this village produced more directors of the county school than any other village in the county. In 1790 they jointly put aside land for ancestral ritual expenses (祭位田) to provide for the rituals for Paek Minjun (白民俊, ? ~ 1623) who had established the local lineage by moving into the area (he was the 入郷祖) and his wife, and their son Paek Chin (1590-1625) and his wife. Although they had put aside this land it turned out that holding these rituals was not an easy matter. Not only was the amount of land put aside small, but frequent crop failures also meant that it was not easy to arrange these rituals with the resources provided by this land.

To obtain more land it was decided in 1816 that each of the more than 70 members should contribute 1-2 *tu* of grain, and in 1816 4 *sŏk* and 1 *tu* was collected, and in 1817 12 *tu*. With these funds more land was purchased. After the decision was made in 1816 to request these donations, the lineage start keeping an account book (用下記) to make the expenditures transparent. The Paek lineage still keeps this account book.

Out of the close to 200 years covered in this account book, this paper will analyse the entries for the period 1818-1945. Before 1818 the records are partly destroyed and those two years will therefore not be included. And the reason the analysis stops at 1945 is that the unit of account keeping changed at that time. Up until 1945 the entries are in the old currency - *yang*, *chŏn*, and *p'un* - but from 1946 it is in *wŏn*.

### 2) Income

The income in the records from 1818-1945 are in two categories, in kind (*cho* 租) and in money (*chŏn* 錢). As for the scale *cho* amounts to a total of 1023.42 *sŏk*, and *chŏn* to 19024.07 *yang*. This means that the income in cash was slightly higher than the income in kind. If we convert the cash income in these account books to rice using the conversion rate stated in them, as well as in other local sources, it amounts to 1026.12 *sŏk*.

The balance between income in kind and income in cash differed over time. Up until

1877 the income in kind was much larger, but after 1879 it was rather the income in cash that constituted the largest share. The yearly fluctuations in the income in kind are small compared to the income in cash, and over a longer period this slightly decreased. The yearly fluctuation in the incomes in cash, on the other hand were severe and this increased slightly over time. The reason for this difference is that the sources of these incomes differed. 96% of the income in cash came from the land rent of the lineage *kye*. The income in cash, on the other hand, mainly came from sale of wood from the lineage mountains (50.4%) and interests (23.7%).

To be able to properly understand the accounting method of the lineage *kye*, we need to look closer at these interest incomes. The interest rates were different for grain and for cash. The yearly interest rate for grain was 50% in the nineteenth century and 30% in the twentieth. The yearly interest rate for cash changed more frequently. Up until 1845 it was 30 or 40%, between 1846 and 1913 it was fixed at 40%, but then between 1914 and 1933 it dropped to 30%, between 1934 and 1938 to 20% and finally to 15% after 1941. As we can see the interest rates were very high in the nineteenth century, but that is not something unique to this lineage *kye*.

The following question emerges: given these high interest rates, was it possible to collect the principal and the interest? To be able to answer that question we must look more closely at the content in the account books concerning interest rate incomes, and we can see that there are two categories. In some cases the fact that resources had been lent at a high interest is clearly stated. In such cases terms like 分排, 分執, 債去, 債給, 名下 are used and at times also the receiver is named. In the other cases there is no information about the circumstances surrounding the interest income. This is mostly entries carried over from previous years, and this is simply categorized as interest income.

What interests us here is not only the pattern of the entries, but also the difference in the amount collected. In those cases where it is clearly stated the resources were lent at high interest, the collection rate is very low and there are many cases where the principal and interest was not collected at all. In contrast to this, in the entries carried over from previous years it is mostly recorded that they gave a high interest income. We can also see this in the *kye* of the local private school that shared many members with the lineage *kye*. Also in this *kye* they were unable to collect the principal and rate in those cases clearly stated as resources lent at a high interest, and in the entries carried over it is recorded that one year later they collected the applicable rate of 40% (in the 19th century). Confronted with this situation it is not possible to ignore the following doubt: If in those cases where the person who borrowed resources at a high rate is

clearly stated the collection rate is very low, how could they in the most of the cases carried over to the next year receive an interest rate as high as 40%?

A comparison of the *kye* of the Yongam Namp'yŏng Mun lineage amplify these doubts. Amongst the high interest loans in this *kye* between 1741 and 1927, 34% could not be collected. And in this *kye* for the same period a vast amount of resources, in kind and cash, was carried over to following years, but there is no recorded interest income for these carried-over resources. Since they could not collect the interest for the loans, they did not lend the resources carried over but just kept them. Given this situation, there is certainly room to doubt the recorded high interest incomes in the entries carried over in the *kye* of the Paek lineage.

### 3. Expenditures

When need aroused the lineage *kye* of Paek paid out *cho*, *chŏn*, or rice. The total amount of expenditure is 383.48 *sŏk* of *cho*, 21089 *yang* of cash, and 2.56 *sŏk* of rice. In comparison, the value of the cash expenditures was the largest. Using the conversion rate of the local sources of the time it was equivalent of 1542.65 *sŏk* of *cho*, which means that it was four times larger than the expenditures in *cho*. If looked at yearly, years when more expenditure were in cash than in *cho* are in vast majority; for the 128 year between 1818 and 1945 this was the case in 115 years. Here we need to pay attention to the fact that the expenditures paid in cash (21089) were larger than the incomes in cash (19024.07). So to be able to make these payments the *kye* converted *cho* to cash, and this was called *chakchŏn* 作錢 in the account books. As for the method of converting *cho* to cash, we can imagine either that they sold *cho* at the market or to merchants travelling the villages, or that they simply just converted it in the documents. To which category did the *chakchŏn* in these account books belong?

We can find the answer to this question by looking at the actual expenditures for this *kye*. For certain meetings for which food made of rice was prepared, the expenses are recorded in cash. If the expenses for these meetings were paid in cash, it seems to indicate that the *kye* sold *cho* collected from the land rent at the market, and then later used that money to buy rice at the market to prepare the food. But it is, of course, unlikely that this was the case. Once again the *kye* of the Yongam Namp'yŏng Mun lineage can give us some indications. In this *kye* a lot of rice was paid out in expenditures. Just as in the case of the Mun lineage, the *kye* under consideration here also had large expenditures in cash, but when entering this into the account book, the value of it was converted to cash. So the *chakchŏn* in these records simply means

recalculating the expenditures in kind into cash.

What was the basis for this conversion? It is thought that it was the market price. This assumption is based on the fact that the conversion rates for one *sŏk* in the *kye* of the Yongam Namp'yŏng Mun lineage and the rates in this *kye* show the same trend. But here one thing must be made clear. Although the market price was referred to when deciding the conversion rate, the extent to which the market price was reflected in the conversion rate differed from year to year. We can see this if we look at the spring and autumn conversion rates for this *kye* and the *kye* for the local private school. First of all, there are big differences in the conversion rates of these two *kye*. In the 19th century the conversion rate in the private school *kye* was usually higher than the rate in the lineage *kye*; in certain years in fact much higher. However, when we enter the twentieth century the conversion rates for the two *kye* are mostly the same. It is hard to imagine this phenomenon emerging if the conversion rate in these account books were the same as the market price.

We can also find instances where the actual expenses are not recorded corrected when putting the account books together, that the entries to a certain extent are fabricated. This is quite frequent in the accounting process for the expenditures used in ancestral rituals. Such expenses are listed in two categories, but these are in fixed amounts over longer time periods, between 10 and 30 years. The number of descendants participating in the rituals would probably have differed from year to year, and therefore also the amount of rice that was needed to prepare the food. Furthermore, there would probably have been fluctuations in the price of the food that needed to be bought at the market such as fruit, fish and meat. So how could the expenditures for these rituals have been exactly the same over these long time periods?

#### **4. Characteristics of financial management**

This analysis of the accounting method of the lineage *kye* in the Sanggŭm village has raised the following two issues. First, in most of the entries carried over to the following year this has been recorded as a high interest income. And secondly, the expenditures for ancestral rituals were fixed over long periods. This gives the feeling that these documents were put together in a certain manner to meet a specific purpose. So, it seems that the recorded interests for entries carried over and the expenditures for ancestral rituals differed significantly from the actual situation. We can say that in terms of these interest incomes and ritual expenditures the lineage *kye* each year kept "double book keeping".

At times this *kye* actually kept such double book keeping for all transactions of the year. For the period 1910-1914 two sets of financial documents are extant. If we compare these two sets the expenditure entries differ significantly. Some entries can be found in the older document but not in the newer, and vice versa. And for some of the entries that can be found in both, the amount paid out is different. Given this the total amount of expenditures for each is different in the two documents. Overall, the incomes and expenditures in the new document are higher than in the old. This difference mainly stems from the income of sales of wood and the land rent from the land held by the *kye*. In the old document there is almost no income from the sale of wood, but there is a large income recorded in the new. And the old documents states that a large part of the land kept by the *kye* was sold in 1912, but there is no such record in the new document.

The reason why they kept two books for the period 1910-1914 can probably be found in the rumours about the surveys and reforms conducted by Japanese colonial government. The rumour spreading in 1910 was that as a result of these surveys and reforms the colonial government intended to confiscate *kye* resources. This *kye* also believed in these rumours and did not record the sale of wood and also recorded a large release of land held by the *kye*. However, when it later became clear that these rumours were untrue the *kye* produced a new account book for the years 1910-1914. So, these two different sets of account books produced for this period can be understood as an extension of the habit of putting these account books together each year to match a certain purpose.