

The capitalist who loves North Korea

After making it as an entrepreneur in America, James Kim is fulfilling his dream of opening an university in North Korea that will offer, of all things, an MBA.

By [Bill Powell](#), senior writer
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(Fortune Magazine) -- James Kim, an American businessman turned educator, once sat in the very last place that anyone in the world would wish to be: a cold, dank prison cell in Pyongyang, the godforsaken capital of North Korea.

Kim, who had emigrated from South Korea to the United States in the 1970s, had been a frequent visitor to Pyongyang over the years in pursuit of what, to many, seemed at best a quixotic cause. He wanted to start an international university in Pyongyang, with courses in English, an international faculty, computers, and Internet connections for all the students.

Not only that -- in the heart of the world's most rigidly Communist country, Kim wanted his school to include that training ground for future capitalists: an MBA program.

During one of his trips to the capital in 1998, with North Korea in the midst of a famine that would eventually kill thousands, the state's secret police arrested Kim.

North Korean dictator Kim Jong Il didn't lock up the educator for being crazy. He got it in his head that the oddly persistent American -- who at the time, among other things, was helping to feed starving North Koreans with deliveries of food aid from China -- was a spy.

So for more than 40 days, Kim languished in a North Korean prison. An evangelical Christian, Kim wrote his last will and testament during those days, not knowing if he'd ever get out.

Which makes where he plans to be in mid-September all the more astonishing. Kim will lead a delegation of 200 dignitaries from around the world to North Korea for the dedication of the first privately funded university ever allowed in the Democratic People's Republic of Korea: the Pyongyang University of Science and Technology (PUST).

The school will have an international faculty educating, eventually, around 600 graduate students. Kim dreams ultimately of hosting an industrial park around the PUST campus, drawing firms from around the world -- a North Korean version, as bizarre as it sounds, of Palo Alto or Boston's Route 128.

There will be Internet access for all, connecting the students to an outside world that they've heretofore been instructed is a hostile and dangerous place. And among the six departments will be a school of industrial management.

"We ended up not calling it an 'MBA program,'" jokes David Kim (no relation to James), a former Bechtel and Pacific Gas & Electric executive who has relocated to Pyongyang to help set up PUST, "because they [the North Koreans] think it sounds vaguely imperialistic."

That the North Koreans are permitting this to happen -- that they have given James Kim the nod to create his university, just as he intended -- is remarkable.

It's hard for outsiders to understand just how backward, isolated, and impoverished North Korea is. Since the collapse of the Eastern bloc 20 years ago, fewer and fewer North Korean university students study abroad. Allowing PUST to proceed lets a gust of fresh air into a stilted, frightfully isolated environment.

Ben Rosen, the venture capitalist who co-founded Compaq Computer in 1982, befriended Kim last year on a visit to Pyongyang with the New York Philharmonic Orchestra. After touring the 248-acre campus with Kim as it was under construction, Rosen became a believer. The university, he says, will give students "a window to the outside world and will create a new generation of technocrats with the potential to lead a post-Kim Jong Il government."

The man behind this masterstroke of international relations consciously creates a bit of an air of mystery around himself. Ask him two very basic questions -- how old are you, and where were you born -- and Kim (whose Korean given name is Chin-Kyung) cheerfully demurs.

As for his age (public records in Florida, where he was a small-business man for more than a decade, say he was born in September 1935), he says it's all in the mind -- a function of your health and your attitude. "And I am very healthy," he says with a grin.

As to where, exactly, he was born, he declines to say, without much explanation. Kim's father -- himself an educator -- was very much a product of the tumultuous history of colonization and war that engulfed Northeast Asia in the first part of the 20th century, and thus very much on the move. During World War II, Kim's father fled the Japanese occupation of Korea, escaping to northeast China -- not far from Yanji, where his son's dreams took shape half a century later.

That dream -- to bring Western education to his countrymen -- first manifested itself some 17 years ago, when Kim built a small (1,750 students) but thriving, privately funded university in Yanji, the Yanbian University of Science and Technology (YUST).

Twice this summer I met at length with Kim in Yanji, which abuts the North Korean border, and sits in Jilin province, where more than half of the citizens are ethnic Korean. Though pleasantly cool in the summer, this part of China is cold and dark in the winter, and Kim's standard greeting to visitors is "Welcome to the North Pole."

He is endlessly energetic. When he's not off fundraising around the world, he bounces around the campus starting at six each morning, buttonholing students he happens upon. But these days, as the dedication of the school in North Korea draws near, he is more often than not in Pyongyang.

He carries an American passport and has what amounts to a multiple-entry visa to the most closed country on the planet. (Although the Korean War ended more than 50 years ago, Washington has never signed a peace treaty with the North.) He wants to make sure the dedication stays on track.

It has already been delayed once: PUST originally was to be dedicated last year, but Dear Leader Kim Jong Il had a stroke in the summer of 2008, and everything froze. Until very recently the overt hostility North Korea had evinced toward the U.S. and its allies cast real doubt as to whether PUST would ever open.

And for that reason Kim is very, very careful to parse his language when he talks about the North Korean government. Read him what Ben Rosen said about the potential PUST has to change North Korea, and Kim interjects quickly: "We're not going to change North Korea. We're going to help it."

Kim's success in America

This is pretty heady stuff for a former small-business man who made enough money running a South Korean taxi company to move to Pensacola, Fla. (He had been visiting a cousin attending school in the Sunshine State and liked the area.)

After arriving in America in 1976, he started a wig business. "In those days, South Korea dominated the wig export business," Kim recalled recently. "So I set up a business in Florida importing wigs from South Korea. It turned out to be pretty successful."

Kim says he came to the U.S. for a straightforward reason, the same reason so many immigrants do: He figured it was the best place to "make some money."

But money, for him, was always only going to be a means to an end. "I knew that if I were to go to these two Communist countries -- China and North Korea -- and do what I wanted to do, it would not only provide me with some wealth, but a U.S. passport as well. You guys are the Roman Empire of your day; you can go pretty much wherever you want."

His commercial landlord at the time, Frank Webb, recalls two things about James Kim: that he was a devout Christian, and that he always talked about setting up schools in China and North Korea.

Kim added a clothes store in the 1980s, then bought a chain of women's shoe stores in Pensacola that he expanded successfully. In short, Kim and his wife, Grace, who helped him run the business, were living the American dream: They were recent immigrants who worked hard and were more than making a go of it. They were prospering. "By the mid-1980s we had three good businesses," Kim says now.

And that's when he decided it was time to get on with his life's work. Leaving his wife behind in Florida to sell the family business and join him later, Kim headed for the northeastern part of China, where his father had been before him.

Support from the Christian community

Of all the nations in Asia where Christianity has tried to put down roots, Korea has been the most fertile ground. Roughly 20% of the population is Christian. Westerners who come to Seoul for the first time are often surprised by the number of neon crosses that glow atop churches in the city at night.

But it is not only South Korea where Christian missionaries worked successfully to find converts. Long before war divided Korea at mid-century, Christian missionaries had gone to North Korea. Ruth Graham, the late wife of evangelist Billy Graham, went to prep school in Pyongyang in the 1920s.

Kim is emblematic of just how deep those Christian roots run in Korea. His father converted to Christianity as a young man and attended a university in Pyongyang started by Presbyterian missionaries in 1897.

He was running a Christian school near Busan, in the South, when he fled the Japanese occupation "rather than bow to Shinto gods," as Kim now says. In 1939 his father went to Heilongjiang province in northeastern China, where he opened another school for girls; he returned to South Korea in 1945, with the defeat of Imperial Japan.

When James was 15 years old, he tried to enlist in the army as the Korean War broke out, but a recruiter first turned him away as too young. "I cut my finger and wrote in blood, 'I love my country,'" so the recruiter changed his mind and accepted him. He joined an army unit of 800, and by 1952 only 17 remained. The rest had been killed.

Until that point, Kim had not himself been particularly religious. He had watched his grandfather "persecute" his father for his conversion to Christianity. But on the battlefield one night, Kim read from the Gospel of St. John, which had been passed out by a U.S. Army chaplain to the troops who remained. Having watched so much of his unit get wiped out, it was verse 3:16 that spoke to him: "That whosoever shall believe in Him should not perish, but have everlasting life."

Then and there, says Kim, "I vowed to God to work with the Chinese and the North Koreans -- then our enemies. I would devote my life to it, if I survived the war."

For Kim, this was not a convenient "atheist in a foxhole" moment: He studied his newfound faith assiduously. In the early '70s Kim traveled to Europe, where he attended a school set up in Switzerland by an esteemed American evangelist, Francis Schaffer. He then went to England to study at an evangelical seminary before returning to Seoul in 1972.

His plan upon arriving in China was to follow in his father's footsteps and to do sort of a dry run for his ultimate goal: setting up a university in Pyongyang. Using some of the money he had made from selling his small businesses in the U.S., and then raising money from private donors - - drawing heavily on the evangelical Christian community in South Korea and abroad -- Kim in 1992 began YUST.

To date, more than 90% of the graduates get jobs, and South Korean companies operating in China are particularly aggressive in hiring its students. "They just line up to recruit them," says Malcolm Gillis, the former president of Rice University who is on the board of PUST.

Kim and his wife now live in faculty housing, in a small two-bedroom apartment. Though not officially a Christian school, which would be illegal in China, both the faculty and the students tend to be drawn from the devout. Many faculty members go without pay (as some will in Pyongyang). And the provincial government allows YUST to have a chapel on campus accessible only to university-affiliated personnel.

"There was a lot of suspicion from the [government] at first," Kim concedes. "But as the school has grown we've shown them that we are not in any way a threat to them." Left unstated is the obvious: that the small school on the North Korean border was Kim's model for his Pyongyang project.

He had two challenges: funding it and getting the North Korean government to agree to it. Kim's deep roots in the South Korean Christian community have given him a lot of contacts among Seoul's corporate and educational elite. He has the presidents of two prestigious Korean universities on PUST's board of directors, and on a recent weekend in Yanji, Kim had two senior executives, including vice chairman Heon-Cheol Shin from South Korea's biggest oil company, SK Energy, visiting him to check on the progress of the Pyongyang project.

Kim has the energy of someone half his age -- and he never stops plumping for the university. Venture capitalist Rosen recalls that on his tour of the campus in Pyongyang early last year Kim kept pushing him to join his board of directors. At one point he pointed to one of the buildings under construction and joked, "Look, Ben, there's your new office!" (My wife, Rosen jokes, "just about died.")

North Korea, not surprisingly, is the object of intense passion among the evangelical Christian community in the South.

South Korean churches have done much good work publicizing human rights abuses in the North -- to Pyongyang's intense displeasure -- but they have also raised funds for food aid and helped distribute it via a variety of networks. But to say that a good portion of the evangelical community in the South -- and indeed worldwide -- is hostile to the Kim Jong Il government is to state the obvious.

It is into this diplomatic minefield that Kim has stepped. "If you had told me that [Kim] was going to raise money from evangelical churches worldwide to help fund a new university in Pyongyang, and that he'd get the North Korean government to go along with it, I'd have told you that you were nuts," says a state department official. "Remember, in 1998 Kim Jong Il had him held in detention."

That fact does raise questions. Ask him how he has been able to pull this project off, and Kim says, "I have unlimited credit at the Bank of Heaven." The suspicion, voiced by some skeptics in

Seoul and elsewhere, is that he also must have had to make a pretty hefty deposit at the Bank of Kim Jong Il.

To the extent that any business gets done in North Korea, the piper has to be paid, foreign businessmen and diplomats say. "I'd find it hard to believe otherwise," one Seoul-based executive who has done business in the North says, "but who knows?"

Asked directly whether any of the roughly \$10 million he raised to fund PUST has gone to the regime in Pyongyang, Kim says: "Every brick we used, every bit of steel, every bit of equipment, we brought in from China. I have never brought any cash into North Korea."

So why did the North Korean government come to trust him? "When I was detained, I was very calm. I wrote that I was not afraid to die, because I knew I would go to a better place. And I wrote that if I did die, I would donate my organs for medical research in North Korea. I told them I was at peace." What he heard back, Kim says, is that the Dear Leader was touched by that sentiment.

There are so many horror stories about Kim Jong Il and the country that he rules that it's hard to know what to make of that. Suspicions linger that some sort of deal was cut. That somehow Dear Leader Kim is using University President Kim. Or being paid off by him. Or that Kim has divided loyalties.

There is no evidence that any of that is true, and Kim Jong Il, despite his recent diplomatic charm offensive, isn't giving interviews.

And for the record, though Kim is excruciatingly diplomatic in terms of what he says publicly about the regime, Fortune, having spent a considerable amount of time with Kim and his team in Yanji this summer, is pretty convinced that his loyalties lie in only one direction -- to the man upstairs. And by that, we don't mean Kim Jong Il.

PUST Board member Gillis believes that Kim's lack of guile may ultimately be what convinced the North Koreans. "This is a guy who is doing this for the reasons he says: that it would be a good and helpful thing for North Korean students to have a modern, international university, with faculty drawn from abroad. Through many years of hard work, [he's] been able to convince the government that that's the case. And it has the added benefit of being true. He's open and transparent. There are no hidden agendas here."

With the formal dedication set for Sept. 16 -- Kim and his staff are deep into trying to hire faculty and settle on nuts-and-bolts issues, like which textbooks will be used in courses that will begin in a few months. As David Kim, the Bechtel alum, relates, very little of that stuff is straightforward in North Korea.

How, for example, will economics and finance be taught? While students at elite universities in most of the world learn the same basic principles from the same authors -- Econ 101 from Samuelson and Nordhaus et al. -- in North Korea, Western economics is not only alien to most citizens of the Communist state, it is also downright threatening.

This is a government whose underlying philosophy is known as *Juche*, or self-reliance, and everyone is supposed to be a servant of the Dear Leader. How you square that with Adam Smith's invisible hand and enlightened self-interest is not at all obvious.

"If we're just going there to teach things the way they teach them now, it's a waste of our time," concedes Kim. "But we also don't want to be perceived as doing anything that threatens them."

So PUST is -- very much -- a work in progress. But given how close it is to reality, issues like curriculum fade. The only one out there who thought there'd be an international university opening in Pyongyang in 2009, offering the equivalent of an MBA, with courses in English to some 600 students, was the same guy whom the North Koreans arrested in 1998.

James Kim and his cohorts will no doubt figure out a way to teach Econ 101. They're going to teach Western economics, and finance, and management in one of the most backward economies in the world, one which again is having trouble feeding many of its citizens, according to recent reports from NGOs there.

That may seem like a rather hopeless task, but hope -- not to mention faith -- is something James Kim has in abundance. And given that he was sitting in a Pyongyang jail 11 years ago this month, who could blame him?

Reporter associates Scott Cendrowski and Marilyn Adamo contributed to this article. ■