

Appendix S1. South Korean public survey evidence on bribery

South Korea is one of a large number of countries in which bribery is believed to be moderate to severe (e.g., see Transparency International's Corruption Perception Index, various years), and South Korea is also representative of a large number of countries in which large-scale corporate bribery is condemned by the broader public. The official cultural rule book of South Korea comes from Confucianism.¹ It has two opposing teachings. Emphasis on kinship bonds push people in the direction of less transparency with kin and tolerance of some deviant behavior by kin. Another strand of Confucianism urges people to act righteously and transparently. These two opposing strands of Confucianism lead to a tension, and some people will end up veering away towards low transparency and bribery, while a large part of the society at the same time registers sharp disapproval of bribery and related behavior.² That is why one sees both a high incidence of bribery as well as sharp public disapproval of it.

Consistent with this view, several public opinion surveys conducted at different times (described below) reveal that Koreans largely view that corruption is widespread and severe in the society. Yet, they also believe that businesses should never pay unofficial political funds, and that corruption is the serious national concern. For example, in 1981, near the beginning of Chun's new administration, the Center for Social Sciences (CSS) in Seoul National University asked the public whether corruption is a serious problem in the society.³ 58.4% of the respondents (sample size: 1,220, aged 18 or older) answered that it is either hugely problematic (26.6%) or somewhat problematic (31.8%).

At the end of 1987, right before Roh's new administration, the CSS also asked the public whether they expect that the problem of corruption in the society would be eased under the new government. 51.8% of the respondents (sample size: 1,513, aged 20 or older) answered that the problem would be either slightly worse (46.1%) or severely worse (5.7%), and 39.4% of the respondents indicated no change. It is also notable that 32.8% of the respondents (frequency: 497) in the same survey chose corruption as the most urgent social issue that the new government should address, among other social problems, whereas another 32.8% of the respondents (frequency: 496) chose the gap between the rich and the poor as the most urgent one. The outcome suggests that Koreans view the problem of corruption as just as serious as the problem of social inequality.

A year after Roh's administration launched (1988), the CSS asked householders about the severity of corruption in the society. Fully 87.8% of the respondents (sample size: 1,497) answered that it is either very severe (49%) or somewhat severe (38.8%), consistent with the outcome in the previous year. For the question asking the reason of why South Korean business groups came to thrive over time, more than half of the respondents in the same survey indicated the cozy relationship between politics and business as the reason, rather than their competitiveness. A series of more recent surveys (2006-2011) by the Anti-Corruption and Civil Rights Commission of Korea also show that on average over the time period of 2006-2011, one in two Koreans (aged 20 and older) perceived that the society is either corrupt or severely corrupt, suggesting that South Koreans take the problem of corruption seriously and condemn corruption as a practice.

¹ The social philosophy of Confucianism provided the structural frame of the last and longest-lived imperial dynasty of Korea, Choson (1392-1910) and has been deeply rooted in the Korean culture.

² For further discussion, see Qingping L. 2007. Special topic: filial piety: The root of morality or the source of corruption? *Dao* 6(1): 1-19.

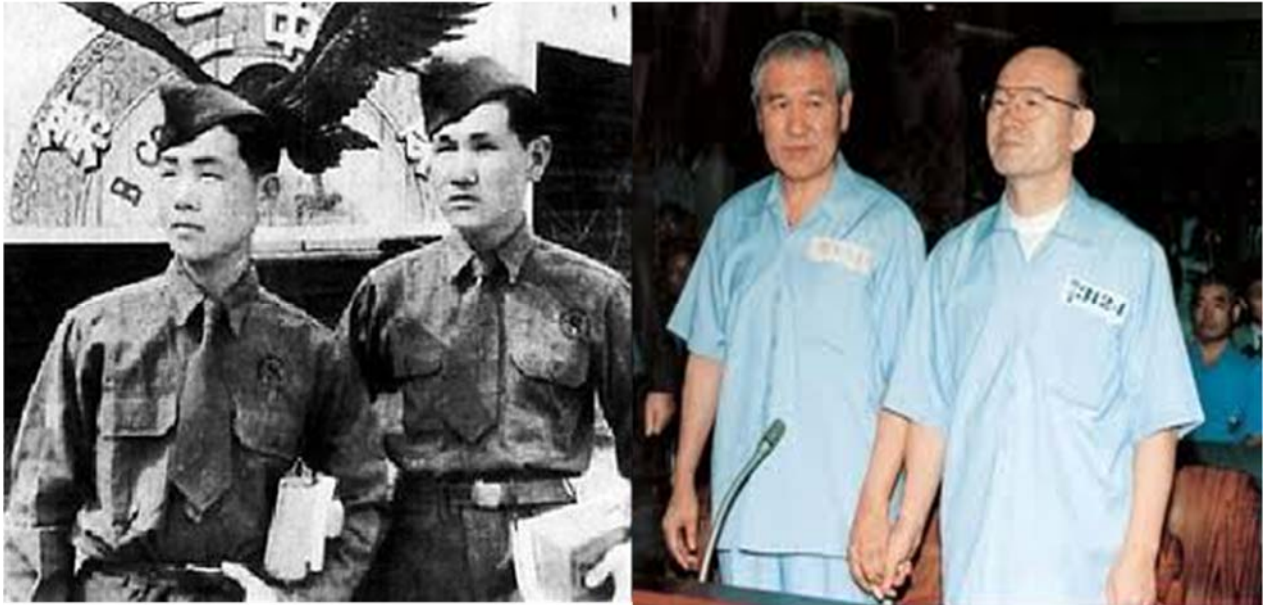
³ The data from this survey were accessed via the Korea Social Science Data Archive (KSSDA), a non-profit organization with an expertise in the acquisition, preservation, and dissemination of Korean social science data and literatures. <http://www.kosdda.or.kr/eng/>

Domestic and global public opinion surveys also demonstrate how Koreans view on company bribery and their concern about political corruption. Soon after the grand corruption involving Presidents Chun and Roh was unveiled in the Korean National Assembly meeting in 1995, the CSS asked the public about the behavior of the businesses that provide unofficial political funds. More than 96% of the respondents (sample size: 1,768, ages 20-60) answered that businesses should never supply such funds because the demeanor harms the fairness of politics (51.5%), destroys the constructive social value (25.8%), enhances business groups' influence in the society (9.9%), and blocks economic development (8.2%). A global survey by the Pew Research Center (2002) asked respondents in 44 countries to rate their country's most serious national problems. In the case of Korea, 75% of the respondents (sample size: 719) rated corruption as the biggest national concern while the majority of other countries indicated crime as the top national problem.⁴

In summary, South Koreans have long been influenced by Confucianism. One strand of Confucianism leads people to tolerate bribery for kin. The other strand teaches people about being honest and righteous. Consistent with this view, several public opinion surveys discussed above show that the society is perceived as widely and severely corrupt, but at the same time, many view that company bribery is intolerable and corruption is a big national problem. Corruption may be pervasive and persistent in the society, but South Koreans' negative view on corruption remains until today.

⁴ The Pew Research Center's Global Attitudes Project conducts public opinion surveys around the world on a broad array of subjects ranging from people's assessments of their own lives to their views about the current state of the world and important issues of the day. In the summer 2002 survey, 38,263 interviews were conducted across 44 nations including South Korea. For detailed survey results, see Chapter 2. Global Publics View Their Countries <http://www.pewglobal.org/2002/12/04/chapter-2-global-publics-view-their-countries/>. For the specific questionnaire used, see Q.15 (p.21) of the Pew Research Center for the People and the Press 2002 Global Attitudes Survey FINAL TOPLINE at <http://www.people-press.org/files/legacy-questionnaires/165.pdf>. Countries covered and their sample sizes can be found (p.25) at <http://www.people-press.org/files/legacy-pdf/165.pdf>.

Appendix S2. Two former presidents of South Korea as political allies



The first photo shows Chun Doo Hwan and Roh Tae Woo when they were the military cadets of the 11th class (1951) of the Korean Military Academy. The next photo shows Chun and Roh holding their hands in their first public trial in 1996 (various online sources).

Appendix S3. Sources for South Korean media investigations on high-level corruption during the Fifth and Sixth Republics (1980-1993)

A. Major daily newspaper periodicals during August 1995 - April 1997:

Chosun Ilbo, *Donga Ilbo*, *Hankyora*, *Korea JoongAng Daily*, and *MK Business News*.

B. In-depth political periodical publications (various years):

Monthly Chosun, *Shindonga*, and *Weekly Chosun*.

C. News broadcasting (various years):

KBS News and MBC News.

D. Books in Korean (titles translated from Korean):

Cho, Dong Sung. 1997. *Korean Chaebols*. Seoul: Mae Kyung Daily Newspaper.

Choi, Jung Pyo. 2014. *A Study on South Korean Chaebols*. Seoul: Hae Nam.

Hong, Jun Pyo. 1996. *Prosecutor Hong's Investigation Stories*. Seoul: Dong Ji.

Huh, Yong Beum. 2000. *100 Exclusive News in South Korea's Press*. Seoul: Na Nam.

Kang, Jun Man. 2011. *Contemporary History of South Korea: 1980s (Vol. 1-4)*. Seoul: Inmul and Sasang.

Kang, Jun Man. 2011. *Contemporary History of South Korea: 1990s (Vol. 1-3)*. Seoul: Inmul and Sasang.

Kang, Myung Hun. 1996. *The Korean Business Conglomerate: Chaebol Then and Now*. Seoul: Na Nam.

Kim, Dong Wun, Duk Min Kim, Wun Kwang Baek, Jae Hyun Jeong, Young Hyun Baek. 2005.

Corporate Governance of Chaebols and Their Marriage Ties and Social Networks. Seoul: Na Nam.

Lee, Han Ku. 2010. *History of South Korean Chaebols*. Seoul: Dae Myung.

Lee, Sang Ho. 2012. *Reporter Lee Sang Ho's X File*. Title. Seoul: East Asia.

Mun, In Chol, Si Chang Ham, Eun Suk Suh, Hee Su Kim. 2008. *Past Policy on Chaebols and Its Evaluation*. Seoul: Korean Studies Information.

Park, Se Kil. 1998. *Rewriting Contemporary History of South Korea, Vol. 3*. Seoul: Dol Bae Gae.

Rhee, Jong-Chan. 2012. *Stories on Special Investigations in the Contemporary History of South Korea*. Seoul: Happiness Forum.

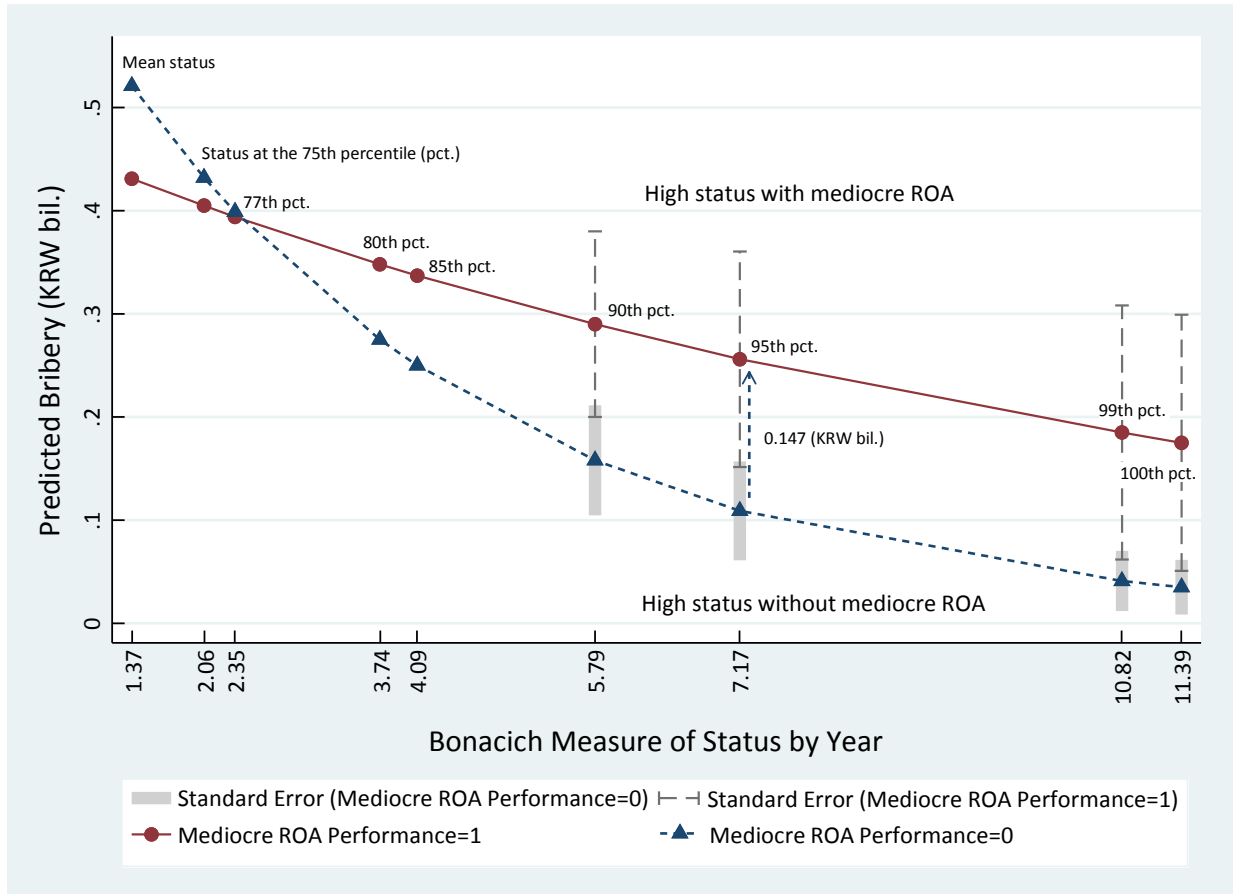
Roh, Tae Woo. 2011. *Rob Tae Woo: Autobiography (Vol. 1, 2)*. Seoul: Chosun News Press.

Seoul News Press. 2007. *Chaebol's Social Networks (Vol. 1, 2)*. Seoul: Mu Han.

Suh, Jung Sok. 2011. *Civil Strife for Democratization during June 1987*. Seoul: Dol Bae Gae.

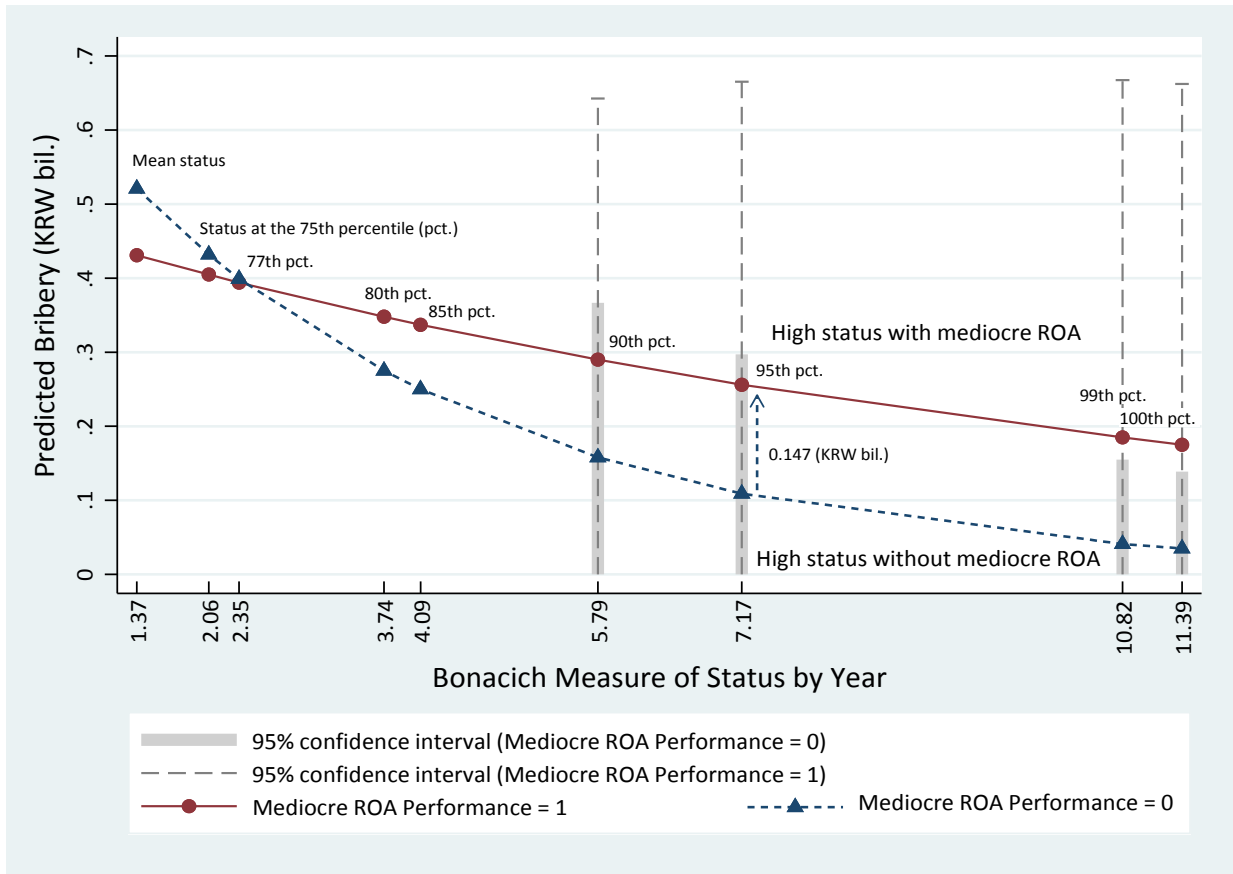
Yang, Ki Dae, Jong Dae Ha, Jung Hun Kim. 1997. *Republic of Thieves: Power and Chaebols*. Seoul: Donga Daily Newspaper.

Appendix S4A. Threat of falling high status with standard errors



This figure was created based on Model 1 of Panel B, Table 4 to illustrate above-mean status in this year's marriage network among Korean business groups interacted with mediocre current-time economic performance, holding everything else in the model at its mean. Each vertical line indicates the standard error associated with each significant bribery amount predicted at the specific Bonacich measure of status.

Appendix S4B. Threat of falling high status with 95% confidence intervals



This figure was created based on Model 1 of Panel B, Table 4 to illustrate above-mean status in this year's marriage network among Korean business groups interacted with mediocre current-time economic performance, holding everything else in the model at its mean. Each vertical line indicates the 95% confidence interval associated with each significant bribery amount predicted at the specific Bonacich measure of status. Since the prediction model is a Poisson quasi-maximum likelihood estimator (QMLE) and there cannot be a negative amount of bribery payment, the interval logically ends at zero.