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### PROBABLE DEVELOPMENTS IN THE REPUBLIC OF KOREA THROUGH MID-1957

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*on 7 February 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside their jurisdiction.*

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## PROBABLE DEVELOPMENTS IN THE REPUBLIC OF KOREA THROUGH MID-1957

### THE PROBLEM

To analyze the present strengths and weaknesses of the Republic of Korea and to estimate probable developments and trends.

### CONCLUSIONS

1. President Rhee, now over 80, will retain his absolute political control as long as he is physically able to hold office. (*Para. 18*)
2. His primary objectives will remain the unification of Korea under ROK control, maintenance of US aid and support, and opposition to Japanese resurgence. Economic development will remain a subordinate objective. (*Para. 48*)
3. Rhee will probably continue to exploit, and even generate crisis situations in an attempt to maximize US support for his objectives. (*Paras. 49-50*)
4. The chances of a Rhee-initiated attack on the North appear to be slight during the period of this estimate. Principal ROK field commanders would almost certainly stall, but would probably not be able to avoid some implementation of a Rhee order to march north. Rhee retains the capability to initiate armed action designed to provoke general hostilities. (*Paras. 52-53*)
5. Maintenance of the ROK armed forces depends almost entirely on US support. The ROK army is superior in both offensive and defensive capabilities to the North Korean army alone, but the ROK air force is inferior. Because of the greatly superior strength of available Communist forces in northeast Asia, ultimate ROK security will continue to rest on its Mutual Defense Treaty with the US. (*Paras. 40, 44, 46-47*)
6. If US aid is continued at approximately present levels an appreciable increase in production and some increase in consumption is likely. Nevertheless, the ROK has only a limited capability for economic development. Even were there no military establishment, maintenance of the present low level of economic activity would require substantial foreign assistance. Rhee will probably continue to be uncooperative at times with the US in the administration of US aid and unwilling to take many steps which could

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improve the ROK's financial and international trade position. (*Paras. 25-38, 57-58*)

7. Rhee's departure from office would usher in a period of increased political instability. However, the formal constitutional succession will probably be observed, with de facto leadership probably passing to Rhee's chief lieutenant at the time, currently Yi Ki-pung. Although the possibility of a coup and one-man rule will remain, a more moderate and

less authoritarian regime will probably emerge capable of governing substantially as effectively as Rhee. (*Paras. 19-21, 59*)

8. Regardless of who succeeds Rhee, the principal objectives of the ROK government are not likely to change substantially. However, a successor regime would probably be more cooperative with the US, less intransigent in its dealings with Japan, and more likely to accept the status quo in Korea. (*Paras. 60-61*)

## DISCUSSION

### I. THE POLITICAL SITUATION

9. The Republic of Korea since its establishment in August 1948, has been a semiauthoritarian state under the strongly centralized control of its president, Syngman Rhee, whose rule has often ignored constitutional processes. Rhee has been aided in consolidating his control by the lack of democratic and parliamentary traditions in Korea. Although at least 90 percent of the voters usually participate in elections, there is little articulate popular interest in national political issues. Political parties are of recent creation and lack mass bases. Candidates are elected primarily on the basis of their personal or family prestige and the support of government authorities including the national police.

10. Rhee's attainment of dominance in ROK political life has also been aided by his position as a recognized international figure and by his personal prestige as a symbol of the aspirations of most Koreans: independence and unification. To his life long record of opposition to the Japanese occupation of Korea, Rhee has added a decade of crusading against the Communists. Since obtaining the presidency in 1948, he has extended his constitutional powers to establish unchallenged control over ROK governmental and political activity. He has successfully assumed a pos-

ture of superiority to partisan politics, privately defining his relationship to the people as that of "a father to his children."

11. President Rhee maintains close control over all executive agencies of the government and armed forces, but he evidences a special interest in control of the internal security forces and the police. He also commands the allegiance of a broad range of political supporters united only by common loyalty to him and increasingly centered in the Liberal Party. The 48,000-man National Police Force serves both as an effective organ of internal security in the ROK and as an active political arm of Rhee. The leading security officials are completely loyal to Rhee and have used their agencies to turn out the vote, to harass opposition forces, and to report on local political trends. Rhee's main political vehicle is the Liberal Party, which he has controlled since its creation in 1951. Rhee also commands the support of organizations of farmers, women, laborers, and youth, all of which are linked through their top leadership to the Liberal Party. Rhee also occasionally makes use of terrorist groups to enforce his will.

12. Rhee controls the cabinet and generally dominates the legislature. He has tended to appoint weak men as his principal cabinet ministers and overrules them at will, often

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using them as scapegoats. Rhee has had a more complex problem in extending his control over the constitutionally separate National Assembly. However, by 1954 Rhee had limited the capacity of the Assembly to oppose his power by forced revisions of the constitution and repeated intimidation of Assembly members. The Assembly still serves as a forum for opposition forces but the basic question of control of the government has been decided in Rhee's favor.

13. Despite Rhee's dominance and the surface stability of Korean politics, factionalism continues to prevail among both his followers and his opponents. His paternalism has created resentment among many ambitious political figures; and his tendency to play off subordinate groups and leaders against one another has encouraged factionalism and rivalry. Although apparently in good health for a man of his age, Rhee is over 80, and secondary leaders have been increasingly concerned with succeeding to Rhee's power. With popular elections for president and vice president scheduled for the summer of 1956, men with political ambitions have temporarily focused their attentions on the vice presidency, currently held by an ineffective 85-year-old, Ham Tae-yong.

14. Although the Liberal Party controls about 130 of 203 seats in the National Assembly, its present strength is based more on governmental and police pressures in the Assembly elections of 1954 than on voluntary popular support. In spite of some organizational improvements since 1951, the Liberal Party is factionally divided. The group which has been dominant since early 1954 is headed by Yi Ki-pung, who is chairman of the National Assembly and currently Rhee's chief lieutenant in the party. Yi Ki-pung's rise to prominence from a position as Rhee's private secretary appears to have been based largely on his loyalty to Rhee, his unassuming but competent performance, and the close friendship of his ambitious wife with the influential Mme. Rhee. Since assuming responsibility for implementing Rhee's program in the National Assembly and for key party appointments, Yi Ki-pung has strengthened his political posi-

tion and has established close personal ties with key figures in the military and apparently in the police. Yi has shown skill in organizing the Liberal Party bloc in the Assembly and in strengthening the party's national organization, but since Rhee continues to monopolize all effective power, Yi's capacities at a higher level remain largely untested.

15. Yi Ki-pung's position of apparent pre-eminence under Rhee is challenged by many of Rhee's followers who regard Yi as a newcomer to politics and a weak leader. Older elements in the Liberal Party are embittered by Yi Ki-pung's rapid rise and continue to conspire for a realignment of forces in the party. The most determined opposition to Yi Ki-pung of those still professing allegiance to Rhee comes from the so-called National Youth Corps faction led by Lee Bum Suk (Yi Pom-sok) who at one time enjoyed considerable prestige and served as Rhee's principal political lieutenant. Apparently seeing in Lee Bum Suk and his followers a potential challenge to his own position, Rhee disbanded Lee's National Youth Corps in 1949, rejected him as the preferred candidate for vice president in 1952, and expelled Lee and his followers from the Liberal Party in 1953. Although Lee Bum Suk has been in retirement since 1953, in 1955 many of his followers began efforts to form a new party under his leadership. Admired by many Koreans who regard him as a patriot and man of strong will, Lee Bum Suk is inclined toward authoritarian methods and has strong political ambitions. At present, the new party movement suffers from internal divisions and Lee appears to lack strength.

16. Organized opposition to Rhee was weakened by his victories in the constitutional crisis of 1952 and the elections of 1954, and there are now about 73 non-Liberal seats in the Assembly. Thirty-three of these seats are held by the chief opposition group, the Democratic Party, which was formed in September 1955 largely from the small Democratic National Party (DNP). Dominated by conservative, land-holding interests of the Southwest, the DNP never enjoyed widespread popular

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support. However, the DNP maintained and passed on to the new Democratic Party the only opposition organization in the ROK which operates at the local level. The Democratic Party has, however, been plagued with factionalism and has not proved a rallying point for opposition forces largely because of the dominance of former DNP members and the exclusion of a strong opponent of Rhee, Cho Pong-am. Although anxious to avoid frontal conflict with Rhee on major issues, the Democrats and other opposition factions have become increasingly active in recent months.

17. The largest and most cohesive organized force in Korean life is the ROK army, and it could determine the outcome of major political conflicts including that of succession. The likelihood that leaders of the armed forces will increase their participation in political affairs is indicated by their growing consciousness of political-military problems and of the army's position in ROK society. Since 1953, military leaders have gradually modified their traditional aloofness from politics and extended their ties with civilian politicians below the level of Rhee. In particular, the army chief of staff, 38-year-old Chung Il-kwon, seems politically ambitious and has probably entered into a political understanding with Yi Ki-pung and National Defense Minister, former Vice-Admiral Sohn Won-il.

18. We believe that Rhee will retain his control over the ROK as long as he is physically able to hold office. President Rhee will almost certainly be re-elected to a third term in 1956, and whatever candidate he eventually favors for vice president will almost certainly win. Until after the elections Rhee will continue to maintain steady pressure on the opposition, making use of the police and other action groups. Rhee will probably continue his present tactic of identifying political opponents with a "third force" which allegedly seeks neutralism in the cold war and accommodation with "Communists, pro-Japanese, and other subversionists."

19. If Rhee should die before the presidential election scheduled for the summer of 1956, de facto leadership would probably pass to

Rhee's chief lieutenant at the time, with the aged vice president remaining as a figurehead. Although Yi Ki-pung is currently chief lieutenant, Rhee could replace him at any time with any one of a number of other leaders including Sohn Won-il and Lee Bum Suk. The ability of the de facto successor to consolidate his position and to control the presidential elections would depend largely on his success in gaining the support of the National Police and military leaders. If Yi Ki-pung were the successor, his chances of gaining army support would be good in view of his present close relations with the army chief of staff and the minister of defense.

20. If Rhee should die following his re-election, the succession would depend to a considerable degree on the strength of the vice president. If the vice president were an experienced figure such as Yi Ki-pung, who now appears to be Rhee's most likely choice for the 1956 elections, he would probably be able to consolidate power through the presidency. Initially, Yi Ki-pung, at least, would enjoy the support of influential military leaders, of his well-entrenched followers in the Liberal Party, and even of the moderate established opposition which would be anxious to prevent the emergence of a more authoritarian regime.

21. The chances for a seizure of power following Rhee's death after the elections would be greater if Rhee again chose an ineffectual vice president. Such a successor would have difficulty consolidating his control, and a leader such as Lee Bum Suk might attempt to lead a coup. Army leaders could prevent such a coup; and if they saw no prospects for a stable civilian political leadership acceptable to the US, they would probably assume a more direct political role, with General Chung their most likely leader.

22. The capabilities of the Communist regime in North Korea to subvert the ROK have been at a low ebb for the past two years. Guerrilla forces responsive to direction from the Communists have fallen from a high of over 10,000 in 1951 to some 100 die-hards who have no reliable communications with the North and are constantly harassed by ROK security ele-

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ments. The Communist Party in South Korea (the Labor Party) has been illegal since 1949, and its remnants have been almost completely uncovered and destroyed. The anti-Communist attitude of the ROK people is rooted in personal experience of Communist rule in the North or during the occupation of South Korea in the summer of 1950. Most Communist agents and sympathizers in the ROK surfaced at that time and subsequently fled north or were killed. Small cells probably persist in the major population centers, but no higher echelon capable of controlling or coordinating such groups is believed to exist inside the ROK. Underground agents from North Korea have improved their operating methods since the armistice, but most missions are low-level.

23. Nevertheless, the Communists retain some potential for disrupting political developments in the ROK by exploiting economic grievances, political factionalism, government corruption, and the popular desire for Korean unification. Communist influence is strong among the estimated 700,000 Koreans in Japan who may increase their presently limited capability for subversive activity in the ROK. Within the ROK, refugees from the North, discharged servicemen, laborers, and intellectuals, who often have grievances against the ROK regime, may prove increasingly susceptible to Communist penetration.

24. The ROK will continue to counter subversion largely by means of the 48,000-man National Police Force, the 1,500-man Army CIC, and the 500-man Provost Marshal General Command and the action groups responsible to it. These agencies will probably remain generally effective in enforcing internal security. However, they may suffer increasingly from lack of over-all direction, involvement of their leaders in political disputes, and low salary levels which make security officials susceptible to bribery.

## II. ECONOMIC SITUATION

25. The backward and primarily agricultural economy of South Korea has a per capita GNP about one-third that of Japan. The partition of Korea denied to the ROK the major mineral

resources and most of the heavy industry of the peninsula which are concentrated in the North. The limited natural resources within the ROK are only partially exploited. Labor productivity is low. Despite the limitation of economic resources, ROK economic policies have placed great emphasis on a large combat-ready military establishment and a rapid investment program for development. This emphasis has created an inherently unstable economic situation which has been further aggravated by inadequate and at times unwise budgetary and monetary policies. Mere maintenance of present levels of economic activities and military force levels requires continued massive US economic aid.

26. About 23 percent of the ROK's 38,000 square miles is arable and almost all is intensively cultivated, though by primitive methods. Per acre productivity in the dominant rice crop is about two-thirds that of Japan. Overcutting of forests has reduced Korea's once ample supply of wood to less than present requirements. The ROK has only partially exploited the rich fishing grounds surrounding the Korean peninsula. There are significant deposits of tungsten, graphite, and low-quality anthracite. Other minerals have been found, but are in uneconomic quantities for exploitation. Modern techniques have been unevenly applied in exploration and exploitation of mineral resources.

27. By 1954, South Korea's population had reached almost 22 million, a density of some 580 people per square mile, or four people per acre of arable land. The population is increasing rapidly at an annual rate of 1.7 percent. About 72 percent of this population is literate, but only a very small percentage has had access to higher education or technical training. Some 68 percent of the 9.6 million people in the labor force is engaged in agriculture, and only two percent (200,000 people) is employed in mining, manufacturing, and construction. There is considerable underemployment, and according to official ROK statistics there are about one million unemployed.

28. The ROK government controls important sectors of the nonagricultural segment of the

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economy. The government owns the major banks, and controls bank credit and the sale of foreign exchange. It owns and operates transportation, communications and ship-building facilities, mines, and a large number of small formerly Japanese owned firms. It also operates monopolies in salt, cigarettes, and ginseng. Civilian and military government workers constitute 10 percent of the labor force and produce eight percent of the GNP.

29. During the Korean War the ROK economy was seriously crippled by damage to irrigation facilities, mines, power and communications systems, and the fishing fleet, and by destruction of much of its housing and capital equipment. Some 1,500 bridges were destroyed as well as 70 percent of the capacity of the cotton textile industry, the principal industry of the ROK. Extensive rehabilitation of the civilian economy has been accomplished by using a substantial part both of the one billion dollars of aid extended almost entirely by the US, since 1950 and of the \$400 million of additional material turned over to the ROK by US/UN forces.

30. The ROK's high quality rice and other agricultural and marine products make the ROK virtually self-sufficient in foodstuffs and account for 52 percent of GNP. Particularly good climatic conditions and increased availability of fertilizer have in the past two years raised production of rice — the traditional export commodity of South Korea — to levels comparable to the average yields of 1948 and 1950. But because of increased domestic demands and restrictive policies on trade with Japan, the ROK is not currently exporting rice. If weather conditions continue to be favorable, the ROK could have about 100,000 metric tons of rice annually available for export in 1956 and 1957, with a potential foreign exchange value of as much as \$17 million. These earnings will be realized only to the extent that trade with Japan is free from ROK-imposed restrictions. Over-all output in agriculture and fisheries could be raised considerably if key supplies, equipment, and facilities were available in greater quantity.

31. Manufacturing and mining account for 15 percent of GNP. Light and consumers' goods industries account for about four-fifths of total industrial output below the 38th parallel. By 1955 production in most light industries had approximated or surpassed 1949 levels, but production continued to be handicapped by poor equipment, insufficient operating and investment funds, and lack of trained managers and technicians. Output of cotton textiles is now close to 1949 levels, although still slightly short of domestic requirements and not fully competitive with imported goods. Domestic coal output in 1955 (1.25 million tons) still covered only about one-half of domestic requirements, but tungsten (2,900 tons of concentrates) and graphite (95,000 tons of amorphous graphite) account for a large share of the ROK's small export total.

32. Shortage of power continues to be a major limiting factor on ROK economic development. Although available power in 1955 exceeded that of the previous peak year, 1947, when power was still being received from North Korea, power is still rigorously rationed. Present equipment is overloaded and in need of repairs, with transmission losses close to twice the normal level. There is little potential for expansion of hydroelectric power, which in 1955 provided 55 percent of total power generated. Thus, further power increases could come only from new thermal units, which under present circumstances would require expensive imports of fuel. Plants now under construction will begin supplying additional power in 1956 and 1957. Although this increased production will probably satisfy minimum needs, it will not support industrial expansion.

33. Since the end of hostilities, the ROK budget has shown a consistent deficit despite vast US aid. The limited resources of the ROK have been overtaxed by simultaneously maintaining a large military establishment and rehabilitating the economy. Moreover, the situation has been aggravated by corruption and inept management. The ROK practice of financing the discrepancy between budgeted programs and fiscal resources by

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overdrafts on the government's account with the Bank of Korea led to a substantial increase in the money supply and has been a major factor in sustaining inflationary pressures. The official budget for FY 1954/1955 (April 1-March 31) is as follows:

(In billion hwan)	
<b>Expenditures</b>	
General government	34.7
Military establishment	85.1
Economic rehabilitation and development	67.3
Others (net)	5.3
<b>Total</b>	<b>192.4</b>
<b>Revenues</b>	
Taxes	37.3
Customs	13.1
Others (net)	19.6
Deficit (exclusive of US-financed aid)	122.4
<b>Total</b>	<b>192.4</b>
Deficit (after US-financed aid)	29.

34. The ROK has been in the grips of an inflationary spiral in which prices have increased about 1,500 times since the end of World War II. The inflation has been greatly accelerated by the Korean War and the size of military and economic efforts since 1953, and has been further aggravated by low production levels, shortages of consumers' goods and raw materials, inadequately controlled credit expansion, and chronic budgetary deficits. Until August 1955, the government did little to arrest inflation. At that time, under considerable US pressure the hwan was devalued from 180 to 500 to the dollar. Since then the ROK government has had considerable success in stabilizing the price level and the exchange rate. However, the limited nature of its success is suggested by the continued decline in the free market rate of the hwan from 700 to the dollar in August 1955 to 940 in mid-January 1956.

35. The chronically heavy trade and payments deficit of the ROK has been financed by US and UN assistance and by foreign exchange derived from expenditures by US and UN troops in Korea. In 1954 Korean commercial exports paid for only nine percent, and in 1955 only about five percent, of the

total value of their imports. More domestic products will probably become available for export (notably rice, graphite, and marine products) but exports will probably increase only moderately, and reach no more than \$30 to \$40 million annually. Even this limited expansion of exports can be realized only if the ROK government changes present policies by lifting restrictions on trade with Japan and making export prices competitive internationally.

36. With the rise in domestic production of foodstuffs since 1953, the major import commodities have become capital goods of all varieties for rehabilitation, commercial fertilizer, coal, and raw cotton. Coal imports have declined slightly because of increased domestic supplies.

37. The most important trading partners of the ROK are the US, Japan, and Hong Kong. Trade with Taiwan is insignificant. ROK price policies and the embargo on trade with Japan established in 1955 have deprived Korea of a traditionally important export market, although the ROK announced a limited resumption of trade with Japan in January 1956.

38. Both the economy and the military establishment of the ROK are critically dependent on US aid. Recent US aid appropriations were as follows:

	USFY 1954	USFY 1955	USFY 1956
	(In million US dollars)		
Economic aid and technical assistance <sup>1</sup>	280	272	302
Military	335	420	380
<b>Total</b>	<b>615</b>	<b>692</b>	<b>682</b>

<sup>1</sup> Estimated civilian aid deliveries including small amounts of UN aid were only about \$186 million in calendar year 1954, and \$220 million in calendar year 1955.

If US economic aid is continued at approximately current levels, an appreciable increase in production can be expected during the period of this estimate, although consumption will probably only slightly exceed 1949 levels by 1957. However, it is doubtful that the Rhee government can be induced to take the

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necessary steps to prevent further inflation. In any case, prospects for a level of economic development which would significantly reduce the ROK's heavy dependence on external aid during the period of the estimate will remain dim.

### III. ROK ARMED FORCES

39. The experience of the Korean War, the exposed location of the ROK, and the desire of its leaders to prepare for unification have led to ROK emphasis on maintaining a strong military establishment. President Rhee is commander in chief of the three armed forces. The minister of defense is directly subordinate to Rhee, and though technically in the channel of command between Rhee and the services, actually has only administrative control. Whenever Rhee so desires he issues orders directly to the individual service chiefs. The JCS, composed of a permanent chairman and the three service heads, was established by presidential decree in February 1954, as the military advisory agency of the Ministry of National Defense, with the mission of preparing policies for national security and coordinating matters of interservice interest. In practice it has little military function and serves mainly as a mouthpiece for Rhee's defense policies.

40. The US is deeply involved in the maintenance and direction of the ROK armed forces. US support has been indispensable in training and equipping the ROK army for modern warfare and the US/UN command continues to have over-all operational control of the ROK army, navy, and air forces. The Korean Military Advisory Group (KMAG) advises and assists ROK commanders and staff officers in organization, training, operations, and supply. Through these close formal and informal contacts the US has exerted a major influence on the professional views of ROK military personnel.

41. *Army.* The ROK army of approximately 650,000 men is currently organized into a field army, a logistics army, and a training command. The First Field Army is composed of 16 infantry divisions, each with a strength of approximately 13,000. Four additional

ROK divisions are attached to the US I Corps (Group). ROK army divisions together with one ROK marine division occupy some 90 percent of the UN positions along the demilitarized zone. Separate nondivisional units including 9 infantry security battalions, 10 tank battalions, 3 heavy and 30 medium artillery battalions, and 1 AAA brigade, have been organized and are in varying stages of training.

42. The Second Army, activated in February 1955, is a logistical organization designed gradually to assume the functions of the US army — Korean Communications Zone Command. The Korean Army Training Command is designed to become an integral part of the country's defense system and will eventually incorporate all training schools, including centers for replacement training.

43. During 1953 and 1954 President Rhee pushed strongly for an expansion of the army to a strength of 35 divisions. He was unable to obtain US support for such an expansion but agreement was reached on a reserve program which provides for the formation of 10 reserve divisions, a reinforcement reserve, and a standby reserve. Each division already has its planned cadre of 2,500 active army personnel, and the balance of the 13,000 authorized personnel are to be reservists performing 35 days of active training annually with their division. These reserve divisions will also provide 35 days annual training for the 95,000-man replacement reserve which will be made up of men recently released from active service. All reservists who have completed their compulsory service in the army or the active reserve will remain on call in the inactive reserve until they have completed a total of 18 years service.

44. The ROK army is capable of maintaining internal security, and is superior in both offensive and defensive capabilities to the North Korean army alone. The ROK army is handicapped by the lack of a strong corps of officers and noncommissioned officers, and will remain unable to sustain logistically large-scale operations without outside help. Moreover, to retain its present level of effec-

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tiveness, the ROK army will continue to require US professional advice and leadership for at least the period of this estimate.

45. *Navy.* The ROK navy of 90 vessels is capable of conducting small escort, patrol, and minesweeping functions in home waters, and against light resistance could support an amphibious assault on the scale of a reinforced regiment. The navy is composed of 28 combat craft (4 escort vessels (DE) and 24 other patrol vessels), 10 mine vessels, 16 amphibious craft, and 36 auxiliary and service vessels. There are 15,000 naval personnel of whom 4,000 are assigned billets on ships. The 27,000-man marine corps is subordinate to the navy. A marine division of about 18,000 is attached to the US I Corps (Group) at the front and most of the remaining marine units are in the West Coast Island Defense Force. The ROK coast guard of 600 men and 12 vessels is used almost exclusively for preventing encroachment on fishing grounds claimed by the ROK. It was established outside of military channels to circumvent UN command opposition to the use of the ROK navy for this purpose.

46. *Air Force.* The small ROK air force of 184 aircraft is now capable only of limited air support for ground operations. Its aircraft strength is markedly inferior to that of the North Korean air force, and this numerical disparity will not be essentially changed by the present US assistance program. Forty-eight F-51's based at Taegu constitute the present combat-ready strength of the ROKAF. There are 27 additional F-51's, 23 F-86 F's, 16 C-46's, and 59 trainers (including 10 T-33 jet trainers), and 11 liaison aircraft. The US has scheduled delivery of a total of 85 F-86 F's by mid-1956 and 2 more C-46's by December 1956. Of the 27 airfields in the ROK three can support sustained operations of heavy piston and jet light bombers, and eight others are capable of sustained jet fighter operations. Total personnel strength of 16,500 includes about 275 trained pilots of whom some 50 have received training in jets. As a result of the US assistance program, however, the ROKAF will have the nucleus of an effective, modern air force by mid-1957.

47. The ROK armed forces are dependent on the UN Command for virtually all supplies and equipment. There is a shortage of technical and supply specialists in all services. If present levels of US support are maintained, the ROK armed forces by mid-1957 will be at about their present levels but will have increased in effectiveness. Because of the greatly superior strength of available Communist forces in northeast Asia, the ROK's ultimate security will continue to rest on its Mutual Defense Treaty with the US.

#### IV. NATIONAL POLICIES AND PROSPECTS

48. Rhee's principal objectives have been the unification of the Korean peninsula under the ROK government, the maintenance of US support, and the obstruction of Japanese resurgence. Domestic concerns such as the development of the economy have been subordinated to these objectives.

49. President Rhee's method of advancing his objectives basically is to exert every possible pressure on the US to compel its support of ROK policies. Rhee's maneuvers for US support apparently are founded on the premise that the US commitment in South Korea precludes US abandonment of Korea under any conditions. His technique of pressuring the US was illustrated in the late summer of 1955 when international tensions were relaxed by the Summit Conference and the commencement of ambassadorial talks between the US and Communist China. Fearing that US support for his position might be waning and concerned to a lesser extent with the concurrent increase in domestic opposition activity, he sponsored demonstrations against the Neutral Nations Supervisory Commission, and reiterated demands that the truce be scrapped and that ROK jurisdiction be extended to at least all areas south of the 38th parallel. He attacked US policies and leaders for alleged "carpetbagging" by US businessmen in Korea, for "deficiencies and failures" in the economic aid program, and for protection afforded the Neutral Nations Inspection Teams.

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50. With the apparent failure of the October Foreign Ministers' meeting in Geneva, Rhee's uneasiness about the developing international climate partially subsided. He modified the tone of criticisms of US policy in the officially controlled press, and directed that an artificially stimulated tax controversy be settled. He agreed to suspend the demonstrations against the NNSC, and beginning in the fall of 1955 a more cooperative attitude in aid matters became evident. But, despite these moves and recent public statements designed to improve US-ROK relations, we believe that Rhee will not adopt a more cooperative attitude towards the US on matters of disagreement.

51. *Unification.* Unification of Korea under a strong non-Communist government has been Rhee's long-standing objective. Thus, the North Korean regime and its Soviet and Chinese Communist allies are viewed by Rhee and all other ROK leaders as their primary international enemies. Believing that unification cannot presently be achieved by peaceful means, Rhee opposed the armistice and the 1954 Geneva Conference on Korea and has consistently called for a resumption of hostilities.

52. Despite Rhee's frustration with events and his desire to unify Korea before he dies, the chances of a unilateral ROK attack on the North appear to be slight. The strong US antipathy for such a course of action has become known. ROK military leaders generally recognize that the ROK cannot alone achieve unification through military action, and many have come to believe that the US would not support a unilateral ROK attack. Under present circumstances, senior ROK field commanders would almost certainly stall, but would probably not be able to avoid some implementation of a Rhee order to march north. The presence of US forces in Korea has increasingly encouraged ROK military leaders to cooperate with the US, and the fervor of popular interest in unification through military action does not appear to be great.

53. The possibility of a unilateral ROK attack or of an incident which might precipitate

fighting will remain at least as long as Rhee retains power. Rhee has the capability to initiate armed action which could incite Communist counteraction and result in large-scale fighting in Korea. Small-scale attacks by air, naval, or small ground units could be used to provoke the Communists into counteraction. Moreover, the action groups of the Provost Marshal Command, which are directly controlled by Rhee, have a continuing capacity to initiate agitation and violence. Hoping to gain eventual US support, Rhee might not be deterred by the improbability of success, by US countermeasures and surveillance, or even by the reluctance of ROK military commanders.

54. Even the current military leaders might be less inclined to exercise their restraining influence if the US announced substantial cut-backs in military aid and consequent reductions in the ROK forces. They might become persuaded that military action was necessary before ROK military strength was seriously reduced. In this situation Rhee might seek to launch an attack or even threaten direct negotiations with the North in order to coerce American support. However, the possibility of actual negotiations on unification between North and South will remain remote, although sympathy for some measure of increased economic and cultural relations with the North may increase.

55. *Opposition to Japan.* Rhee's animosity towards Japan is rooted both in historical experience and in the fear that a resurgent Japan might dominate Korea and become the exclusive center of US interest in the Far East. The most acrimonious of many ROK-Japanese issues is the fisheries dispute in which large numbers of fishermen have been seized for fishing inside the "Rhee line." This line, which the ROK unilaterally proclaimed in January 1952, defines the area in which the ROK claims sovereign control over marine resources. The predominance of neutralist and pro-North sentiments among the 700,000 Koreans resident in Japan has been an irritant to the ROK. The conclusion of an unofficial North Korean-Japanese trade agreement in

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the summer of 1955 has increased the intensity of Rhee's anti-Japanese feelings and may have helped precipitate the recent increase of ROK seizures of Japanese vessels within the Rhee line.

56. Rhee's campaign against Japan appears designed primarily to promote US mistrust of Japan and to establish a pattern of equality in ROK-Japanese relations. While opposition to Japan will continue, it will probably decrease as a factor in policy when Rhee dies.

57. *Relations with the US.* Rhee bases his hopes for internal strengthening on the maintenance of a high level of US aid, and he has sought to sustain ROK military and economic expansion without sufficient regard to the inflationary effects and consequent risks of increased domestic instability. The fiscal policies and administrative practices of the ROK government, which have often disregarded economic realities, are not likely to be changed. The ROK government will continue to rely heavily on US aid and to use the economic instability of Korea as a bargaining point to obtain further concessions from the US.

58. In his relations with the US, Rhee will almost certainly continue to insist that counterpart funds developed from US financed imports be used for purposes which the US considers inflationary. He will probably continue efforts to gain greater freedom and independence from US supervision in all matters concerning the civilian economy, particularly in procurement policies and in the distribution of aid between investment and anti-inflationary expenditures. Rhee probably will not alter his position on the need for a permanently fixed exchange rate, even though the rate becomes increasingly unrealistic because of internal price rises. Governmental discouragement of trade with Japan and of the activities of foreign businessmen and investors in the ROK is unlikely to decrease substantially as long as Rhee retains power.

## V. PROSPECTS FOR A SUCCESSOR REGIME

59. In the event of Rhee's death, the general public would probably continue passively to accept the regime in power whatever the leadership. However, no leader would be able to gain the degree of positive loyalty and control which Rhee has enjoyed, and the new regime would probably generate increased opposition and instability in the process of consolidating its authority. A new regime would probably be less forceful than the present government in pursuing its policies, but a government would probably emerge capable of governing substantially as effectively as Rhee.

60. The principal objectives of a successor government are unlikely to differ from those of Rhee, but significant changes in approach are probable. The current drift among Koreans generally towards an acceptance of the status quo with respect to division of the peninsula would probably be hastened. New leadership would almost certainly follow Rhee's general anti-Communist line, but would probably not seriously threaten unilateral action. Relaxation on the unification issue and on the intensity of anti-Communist activities would probably have the effect of increasing the ROK's vulnerability to Communist subversion.

61. A successor regime would continue to press the US for aid and support but would probably cooperate more readily with aid programs and put less emphasis on belligerent bargaining. A successor government would continue to reflect Rhee's basic position regarding Japan, but would be inclined to permit the gradual evolution of normal relations. The successor government would probably make more serious efforts than has Rhee to promote monetary stability, trade with Japan, and foreign investment. At least initially, it would probably exhibit greater willingness to accept expert advice on economic policies, but at the same time would probably seek increasing freedom of action from detailed US supervision.

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