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CENTRAL INTELLIGENCE AGENCY

14 March 1961

MEMORANDUM FOR: Mr. Allan Evans, State (INR)  
Colonel B. R. Brown, USA (ACSI)  
Captain H. W. McElwain, USN (ONI)  
Colonel R. M. Lawson, USAF (AFCIN 2B3)  
Colonel K. T. Gould, USA (J-2, The Joint Staff)  
[redacted] Director of Operational Services, NSA  
Mr. Randolph V. Zander, Defense (OSO)

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SUBJECT: SNIE 42-61: COMING CRISIS IN THE ROK?

1. Attached is a copy of a memorandum dealing with developments in the ROK that was prepared for the Director of Central Intelligence by the Office of National Estimates. At the 14 March USIB meeting, it was decided to prepare a SNIE on this subject.

2. It is requested that your representatives meet with us at 1400, Wednesday, 15 March in Room 115 Administration Building for the purpose of discussing the attached memorandum and, in particular, to determine whether this memorandum can serve as the basis for this SNIE. If the memorandum can be used in effect as the draft SNIE, it is planned to schedule the SNIE for USIB consideration on 21 March.

*Chester L. Cooper*  
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Deputy Assistant Director  
National Estimates

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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

10 March 1961

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Coming Crisis in the ROK?

1. April 1961 will mark the first anniversary of the revolution that felled Syngman Rhee and swept his government and his followers from the political scene. Little real progress has been made in the past year on the crucial problems which confront the ROK government and people. Except for the departure of Rhee and the elimination of police terrorism and press censorship, life in Korea is just about as it was under Rhee. Prime Minister Chang Myon has succeeded in consolidating a slim majority in parliament and some reforms have been accomplished. However, as the anniversary approaches, there are mounting signs of public frustration and resentment directed at the government and, increasingly, at the US, over the slow pace of reform and progress in South Korea. Public demonstrations, which succeeded so well a year ago, have

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DD/P and O/CI have been consulted in the preparation of this memorandum.

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continued to mark the ROK scene, especially in the ROK nerve center of Seoul. Hence, there is a possibility that anniversary demonstrations could erupt -- by design or accident -- and confront the ROK government and the US with a major crisis in the next few weeks. This memorandum seeks to assess the chances of such a crisis and the conditions which might spark it.

I. THE POSSIBLE SOURCES OF CRISIS

A. Political Weaknesses

2. The seven months of Prime Minister Chang Myon's government, formed last autumn, have been expended largely in politicking, and the government's position is none too strong. In the July 1960 elections, the ruling Democratic Party had won 174 of the 233 seats in the House of Representatives. However, the deep divisions within the party showed up almost immediately and led to a prolonged struggle for party control. Chang was elected Prime Minister only after Kim To-yon, a fellow Democrat, had been nominated but rejected by a very narrow margin. The faction led by Kim finally broke away completely, formed the New Democratic Party, and is now the major opposition, with about 61 adherents, in the House of Representatives. Chang's Democratic Party has about 128 seats

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(117 are needed for a majority) and he can increase the number slightly on certain issues by scattered support among some of the 37 independents in the House. However, potentially serious schisms exist even within Chang's own Democratic Party, the most significant being a group of 25-30 younger men who believe Chang's leadership is not sufficiently imaginative or vigorous.

3. The opposition in parliament is made up of the conservative New Democratic Party, the independent group, and a few members of left-of-center parties. The opposition has enjoyed the full exercise of its constitutional rights of expression and parliamentary interpellation: it has been highly vocal and quick to take advantage of any opportunity to embarrass the government and force the resignation of individual cabinet members. The opposition in parliament is backed up by a substantial segment of the press which has taken advantage of the new freedom from censorship to indulge in generally antigovernment, often irresponsible journalism. The government has come under increasing criticism from student, labor, veterans, and other groups as well, who feel that the reforms and improvements which should have followed upon Rhee's expulsion have been all too slow in coming

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about. Demonstrations and mass meetings have become a characteristic of Korean public life over the past year.

4. Some of this activity is almost certainly attributable to Communist direction, although firm evidence is still largely lacking. There are indications, however, of recent North Korean efforts to increase the influx of subversive literature and support into the ROK, largely by way of Japan.

5. The National Police and security services were a primary target of the popular revulsion that led to last April's revolution. Since that time, purges and reorganizations have gone on repeatedly, causing a serious drop in the capabilities and morale of the police. There is little likelihood that they could function effectively against organized mass riots. In such circumstances, the Army would probably become the most important element in the maintenance of order. We believe that the government would call on the Army in an extreme situation, and that the Army would respond in its support.

6. Corruption continues to be a major problem for the government. Public resentment over corrupt practices played an important part in the making of the revolution. Student groups in particular have continued to lead the outcry against corruption. Although Prime Minister Chang and the government generally have thus far

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escaped serious attack for corruption, petty corruption at lower government and military levels and among much of the public is as widespread as ever. The exposure of continuing corruption in the police has caused new public concern over the issue and forced the government to intensify its efforts to stamp it out. There would appear to be little likelihood of any effective resolution of the problem as long as civil and military pay scales remain at their present low levels.

7. On balance, the Chang government has achieved certain limited goals but has not sparked any broad degree of public enthusiasm or support. As the government in power, it bears responsibility for the absence of significant political or economic advances. Well aware of increasing nationalist feeling, Chang has sought to avoid becoming too identified with the US. This has been difficult, however, as the government has recognized the necessity also of working closely with the US on the solution of its economic problems. Although the Korean public probably does not regard Chang as a US puppet, it almost certainly believes that, under him, the US has taken a more direct hand in the conduct of the government's economic affairs and that the US shares responsibility for existing economic conditions.

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B. Economic Grievances

8. Underlying the political unrest in South Korea is the weak and uncertain state of an economy barren of natural resources and diverted from the major problems of reconstruction by the needs of a vast military establishment. Although the government's efforts at economic reform may yield long-term benefits, there has in general been no significant improvement in the lot of the individual citizen since Chang's government took power last August. Indeed, some problems have become more serious.

9. The annual food shortage, which the rural areas normally experience in April and May before the early planting is harvested, has already hit many districts. There has been no starvation, but rations in many areas have been sharply reduced. The urban population has been subjected to a general rise in prices; in Seoul the wholesale price index rose by about 10 percent in January alone. This rise has slowed somewhat since, but the Korean public remains apprehensive over continuing inflationary trends. The situation has already produced strikes, demonstrations, and petitions among laboring groups. There has been no improvement in the employment situation, and unemployment and serious under-employment continue to affect about 20 percent of the labor force.

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This number will soon be swelled by most of this year's 45,000 college and vocational school graduates. In seeking to fix responsibility, the Korean public, through demonstrations and the press, blames not only the government but also, to an increasing extent, the US. In particular, the upward push of prices is ascribed to US-sponsored measures, namely the recent revision of exchange rates and a 50 percent increase in utility rates now awaiting enactment by the parliament.

C. Grievances Against the US

10. The South Koreans have long resented the reluctance of the US to conclude an administrative agreement providing for the legal status of US armed forces in Korea. Under Rhee, public expression on this subject was channeled and controlled. Since his departure, public interest in such an agreement has mounted greatly, in keeping with the general rise of nationalist sentiment. The Koreans hold that whatever reasons excused the absence of a status of forces agreement in the past, the end of Rhee and the virtual restoration of peacetime conditions -- this latter recognized in the conclusion of a US-ROK bilateral economic aid agreement -- no longer justifies US reluctance to meet ROK desires on this issue. On 2 March 1961, the Assembly unanimously passed a

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resolution urging "the earliest conclusion" of such an agreement, and Chang has been urging on the US the immediate necessity of such a step.

11. Considerable controversy developed over the bilateral economic aid agreement, which was passed by the National Assembly only after prolonged and bitter debate. Opponents of the agreement alleged that, under it, the US was "interfering" in the operations of the government, infringing Korean sovereignty, and treating South Korea as a client state. The US and the ROK government also continue to be criticized, sporadically, for being "pro-Japanese."

D. The Unification Issue

12. Although Korean unification has not become a burning issue, interest in it has increased considerably over the past year, at least in part as a consequence of dissatisfaction over conditions in the ROK. Student groups have been in the forefront of those calling for a reexamination of past stands and for new initiatives to end the division of the country. The government itself, while eager to wrest the propaganda initiative on unification from North Korea, has put off any action until after the UN consideration of ROK membership this spring. Unification will

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almost certainly become an increasingly serious problem for the ROK and the US, although probably not in the near future.

## II. THE PROSPECTS FOR A MAJOR CRISIS

13. Combustible materials are present. Design, incident, or a combination of accidents could ignite street demonstrations, converting them into destructive mob action and a major crisis. At a minimum, there will be considerable noise and some violence in the next few weeks, and a major explosion of some kind cannot be ruled out.

14. However, the odds appear to be against such a crisis this spring. Despite the factors present which could spark a new revolution, the situation in April 1961 is different in many respects from that of April 1960. Present frustrations are not as severe as those so long suppressed by Rhee. Moreover, although demonstrators may once again take to the streets, there is at present no single, emotion-packed focus for discontent comparable to last year's election frauds and police brutality.

15. Nevertheless, the Chang government is frittering away its period of grace. South Korea's formidable problems of

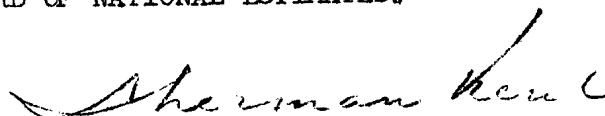
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impoverishment, the burden of a huge army, and inexperience in self-government face any ROK leadership. The present leadership may rock along for some time, but does not appear capable of making sufficient, visible progress to arrest growing public dissatisfaction and unrest. Any ROK government will continue heavily dependent on outside military and economic support. Even given such support, the ROK will continue to be plagued by an impoverished economy, a pull towards Korean unification, and a rise in nationalist and neutralist sentiment.

FOR THE BOARD OF NATIONAL ESTIMATES:



SHERMAN KENT  
Chairman

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