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# Short-Term Outlook for South Korea

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# Short-Term Outlook for South Korea

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## SHORT-TERM OUTLOOK FOR SOUTH KOREA

### THE PROBLEM

To assess the political situation in South Korea and to estimate probable developments over the next few months.

### CONCLUSIONS

A. The recent outbreak of factional strife within the military junta which rules South Korea has been caused largely by controversy over the expanding role of Colonel Kim Chong-p'il and the ROK Central Intelligence Agency (CIA). Quarreling between the senior officers and the Eighth Class group of field grade officers led by Kim will continue, but it now seems likely that the two factions will seek to avoid a showdown. We believe that the junta, with General Pak Chong-hui as the key figure, will remain in power until the elections scheduled for 1963, and will exercise a large degree of control over the new civilian government. (*Paras. 1-5, 9-12*)

B. The junta currently has little popular support. Blatantly rigged elections or further economic deterioration could cause riots and demonstrations. While the regime can suppress local outbursts, massive public demonstrations could trigger coup attempts by disgruntled military leaders, perhaps acting in concert with presently disbarred political elements. The outcome of such attempts cannot be estimated, but the government which emerged from such a situation would almost certainly require a large degree of backing from the ROK military. (*Paras. 6-8, 11*)

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C. ROK-US relations will continue to be difficult over the next few months. There will probably be some attempts to improve liaison with US officials in economic matters, although the CIA will continue its largely uncontrolled economic activities. In political matters, it is doubtful that either Pak or Kim will accept US suggestions which might impose limitations on their actions. Despite strong US pressures, it is doubtful that the issue of ROK-Japanese relations will soon be resolved. Only on the military plane will ROK-US relations remain reasonably open and friendly. (*Paras. 13-17*)

D. Factional strife within the junta, increased public apathy and even hostility toward the regime, and strained relations with the US have increased the danger of Communist subversive activities. Appeals to Korean nationalism and for peaceful unification may prove more effective than in the past. During the next few months, a real Communist threat to the regime is unlikely to develop, but if the political erosion, which has already commenced, is not halted and if economic stagnation persists, the problem of countering Communist subversion will become far more serious. (*Paras. 18-20*)

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## DISCUSSION

### I. POSITION OF THE REGIME

1. The military junta that seized control of South Korea in May 1961 was an uneasy coalition of senior army and marine officers, and field grade army officers most of whom were members of the "Eighth Class" of officer candidates, commissioned in 1949. The senior officers were divided into several factions; most important were the Hamgyong and Pyongan groups, neither of which had dynamic leadership or a very coherent program. The "young colonels," on the other hand, comprised a relatively cohesive group led by Colonel Kim Chong-p'il, a man of extraordinary energy and ability, and generally favored authoritarian measures and stern national discipline to solve South Korea's problems. General Pak Chong-hui, the coup leader, belonged to no faction, but was respected for his personal qualities and was acceptable to all. In July 1961, he emerged as Chairman of the junta's governing body, the Supreme Council for National Reconstruction (SCNR). Since that time, Pak has sought to preserve the unity of the junta through arbitration of differences and a judicious distribution of offices among the several elements.

2. Until a few months ago, Pak's tactics were effective in controlling tensions within the junta and preventing a direct confrontation between its various factions. Nevertheless, behind the scenes, Kim Chong-p'il and the junior officers steadily increased their relative power and influence. Kim is married to the niece of Chairman Pak and has for several years been his principal confidant and adviser. Appointed Director of the ROK CIA after the coup, Kim was given extensive power in both the government and the armed services. He reinforced his position during the winter of 1961-1962 by placing supporters in

key administrative and military posts and forming covert alliances with certain financial interests. Opposition in the SCNR to the expanding role of Kim and the CIA resulted in a serious outbreak of factional strife, which lasted from May until mid-July 1962. Kim has emerged from the struggle relatively stronger. Such highly-placed opponents as First ROK Army commander Lt. General Pak Im-hang, Prime Minister Song Yo-chan, and ROK Army CIC Chief, Brigadier General Kim Chae-ch'un, have been forced out of their key posts along with lesser SCNR members, ministry officials, and army officers. The weakened senior officers within the junta probably no longer constitute an effective counterweight to Kim and the Eighth Class colonels.

3. Kim's high position in the regime has been achieved through his control of the CIA and, reciprocally, the power of the CIA has been extended with the growth of Kim's influence. The CIA was originally charged only with antisubversion and intelligence responsibilities, but it is now so deeply involved in the planning and execution of regime policies that the SCNR has almost been displaced as the chief instrument of the revolutionary junta. The CIA has also intervened in the economic life of the country, both directly and through cooperating businessmen and front organizations. Its involvement this spring in manipulation of the Seoul stock market, and its initiation of the drastic currency conversion and blocking regulations of June are only the most spectacular examples of its economic activities. It has also imported Japanese taxis and TV sets, contracted for an auto assembly plant, constructed a recreation project, and participated in collusive bidding on US military contracts. In the political sphere and in anticipation of the 1963 changeover to a

civilian government, the CIA has been taking the leading role in plans for revising the ROK constitution. It has also assumed responsibility for securing the presidency for Chairman Pak and the election of appropriate candidates to the national assembly.

4. Chairman Pak is probably not entirely happy about the growth of Kim's influence or the expanding role of the CIA. The upsetting of the power balance within the junta has necessarily diminished Pak's own role as the arbiter of factional disputes. Perhaps of greater importance to Pak, the CIA involvement in the stock market scandal and other business corruption has seriously damaged his cherished image of the junta as a reform movement. Tensions between the two men reached a climax when an SCNR investigating committee privately confirmed Kim's participation in the stock market scandal. Immediately thereafter, on 27 June, Pak ordered Kim's removal as CIA Director. However, the ouster proved abortive; within a matter of hours, Pak rescinded his decision, perhaps in response to arguments by a delegation of Eighth Class colonels. Subsequently, the leading contender for Kim's post, ROK Army CIC Chief Kim Chae-ch'un, lost his command, thereby eliminating Kim Chong-p'il's principal rival in the internal security field and a longstanding opponent of CIA interference in the army.

5. In abandoning his attempt to remove Kim, Pak was probably motivated by several considerations other than his family and personal relationship. Upon reflection, Pak must have realized that the menacingly powerful CIA could prove more dangerous to his position under new leadership than under that of a confederate with strong personal ties. Moreover, a diminution in Kim's power would increase the influence of the Hamgyong faction members and Pak probably doubts both their revolutionary zeal and their effectiveness. Pak is also aware of the regime's heavy

dependence upon the CIA for protection against the political conspiracies endemic to South Korea and equally appreciative of Kim's proven ability in this field. He is cognizant too of the meager public support that the junta has engendered during its 15-month tenure and of his almost complete reliance upon Kim to arrange his accession to the presidency, should he choose to run, and the election of an acceptable legislature. Finally, it is possible that Kim's reported threats of counteraction moved Pak to consider how the regime would be shaken by an open clash between the senior officers and the Eighth Class colonels. In any case, Pak's decision to retain Kim has made him more dependent upon Kim than ever before.

## II. PUBLIC ATTITUDES

6. The May 1961 military coup received some welcome from many Koreans who had grown impatient with the apparent inability of the politicians in Seoul to forego the game of politics and graft and settle down to work on the country's urgent economic and social problems. The people had been disappointed by the failure of Chang Myon's parliamentary democracy to remedy the wrongs of the Rhee regime. The Pak junta, despite its lack of appealing personalities and the authoritarian ideals of its leaders, initially struck a responsive chord with its call for the elimination of corruption, the regeneration of Korean society, and the fostering of economic growth. The apparently monolithic character of the new regime behind strongman Pak also had considerable appeal for those disgusted with the ceaseless factional infighting of the Chang era.

7. As the repressive nature of the regime became evident, its standing among students and intellectuals quickly dropped; nevertheless, until a few months ago, the bulk of the population accorded it at least passive acceptance. The government as a whole had shown

itself to be well-intentioned and fairly honest, even though lacking in political and economic know-how. However, recent events promise to destroy even this meager degree of support, particularly as news spreads of massive high-level corruption. The harsh and restrictive Political Purification Law of March 1962 blacklisted for six years most of the former politicians, including almost all those with substantial experience and high qualifications. The stock market scandal, the increasing CIA involvement in the economy, and the chaos caused by the June currency regulations cast grave doubt upon the regime's honesty as well as its economic competence. The business community was also alienated by the evident hostility of powerful junta elements to private enterprise. In early June, the government tacitly encouraged student demonstrations as a means of forcing the US to negotiate a status-of-forces agreement, but these quickly took on an antiregime cast. Urban workers are apparently dissatisfied with the junta's failure to improve wages and working conditions, and reduce unemployment. Farmers apparently remain grateful for regime efforts in their behalf, particularly for prompt and adequate distribution of fertilizer this spring, but instances of corruption and favoritism on local levels have caused some damage to their confidence in the military leadership.

8. The Pak junta is strongly committed to turning over control to an elected civilian government in 1963. Current plans call for resumption of "normal" political activity early in the year, elections during the spring, and inauguration of the new government in August. The military regime is now in the somewhat paradoxical position of exposing its leaders and their program, both shown ineffective in solving basic political and economic issues, to the uncertainties of the democratic process. It is seeking to eliminate these uncertainties by every means at its command, including severely restrictive laws,

press controls and propaganda, organization, bribery, and intimidation. The current trial of diverse politicians, including former Prime Minister Chang Myon, for alleged coup plotting is only the most recent indication of the junta's intention to eliminate potential political opposition. Such activities are already well advanced and there is a general expectation among South Koreans that the junta will somehow perpetuate its control and give little opportunity for the further development of free institutions in the republic.

### III. PROSPECTS

#### A. Internal

9. Despite the recent dissension within the junta, it now seems apparent that all factions will seek to avoid a showdown. Chairman Pak will try to give some satisfaction to the grievances of senior members of the junta in the interests of retaining their support. Kim Chong-p'il is already in a position to exercise the guiding hand in the government and can probably look forward to further gains in power. He will probably remain content to exercise his authority behind the scenes. For their part, the senior officers have consistently appeared unwilling to take steps to halt the growth of Kim's power and, indeed, the point may already have been reached where only the use of all-out military force could be effective. The uncertainties of any military confrontation argue against such action except under the greatest provocation; for example, the assassination of Pak followed by the assumption of leadership by Kim or members of his group. At present, it is probable that neither faction would wish to overthrow Pak since he is the only leader of national stature in the ruling group.

10. Pak has given some indications that he is ready to restrict the CIA to its countersubversion and intelligence functions and that he will constitute appropriate SCNR elements to



monitor its activities. These moves would be helpful in maintaining a balance within the junta and in appeasing public opinion at home and abroad, but only limited actions have yet been taken and any restrictions imposed on the CIA will probably be more apparent than real. As its popularity has decreased, the regime has become increasingly dependent upon Kim and his organization. In addition, the junta leaders, and especially Chairman Pak, are concerned over the impending difficulties of changing to a civilian form of government. They will rely on the CIA to insure their continued control of the country and therefore it is likely that CIA power will continue to grow rather than diminish over the next few months.

11. The undertaking to return South Korea to civilian rule may prove to be the most serious threat to the short-run stability of the regime. Within the junta itself, conflicts are inevitable over election tactics, political alliances, and the allocation of public offices, and could possibly become serious enough to cause a split. More serious, however, is the danger of sharply increased public resentment if the election is rigged to insure the continued dominance of the Pak-Kim combination. Should Kim's efforts become blatant or violent in the tradition of the Rhee era, there is likely to be some sort of public protest, possibly riots and demonstrations. Any further economic deterioration would significantly lower the threshold at which such protests would occur. The regime is capable of suppressing local outbursts, but massive demonstrations of popular discontent could trigger coup attempts by disgruntled or opportunistic military leaders, perhaps acting in concert with presently disbarred political elements. The outcome of such attempts cannot be estimated, but the government which emerged from such a situation would almost certainly require a large degree of backing from the ROK military.

12. Although quarreling within the junta will continue, it is unlikely that hostility between the factions will lead to a military confrontation. Neither faction could safely predict the response of South Korean troops to orders issued in such a situation. As long as open conflict is avoided, Pak and Kim will probably maintain essentially their present working relationship. On balance, we believe that the junta will remain in power, with Pak as the key figure, through the scheduled elections, and that members of the junta will exercise a large degree of control over the new civilian government.

#### B. ROK-US Relations

13. South Korean relations with the US have been strained during the last few months. These difficulties are largely attributable to the increased influence of Kim Chong-p'il and his ultranationalistic and, occasionally, anti-American supporters in the ROK Government. The loss of contact between the parties has been evidenced most clearly by the failure of the regime to consult with American officials concerning matters of major significance to US policy. Advance notice was not received on the initiation of such major steps as the Political Purification Law, the currency conversion and blocking regulations, and the ambitious Ulsan industrial project. Moreover, in attempting to pressure the US into status-of-forces negotiations, the regime has tacitly encouraged anti-US press campaigns and student demonstrations. The regime is also trying to discourage close association between Americans and prominent Koreans; the implication of American nationals in the trial of former Prime Minister Chang and other Democratic Party elements is probably a step in this campaign.

14. US influence on the internal political and economic policies of the regime reached a low point in June and it is uncertain whether it will be more effective over the next few

months. In recent weeks, both Kim and Pak have officially acknowledged the overwhelming US interest in South Korean economic affairs and have expressed their desire to avoid further misunderstandings in this field. Pak has recently appointed competent economists acceptable to the US to two key Cabinet positions. He is aware of the absolute necessity of continued and even increased US assistance for the achievement of his economic goals and will probably improve liaison with American officials to some degree in hopes of assuring a benevolent US attitude. However, concrete evidence of promised cooperation has been lacking; for example, there was no consultation on the recent FY 1962 supplemental budget. Kim, moreover, is resentful over open US attempts to curtail his power and he is not likely to abandon his free-wheeling economic activities.

15. In political matters, it is doubtful that either Pak or Kim will accept US suggestions which might impose limitations on their actions. Both have frequently expressed hostility to US interference in domestic politics, and they will be reluctant to apprise the US of their schemes for retaining power under the coming civilian regime. The probable continuation of the status-of-forces dispute will add to the difficulties of improving mutual confidence.

16. Only on the military plane have ROK relationships with the US remained relatively unaffected by recent events. The combat effectiveness of ROK forces has probably not been impaired by recent political difficulties. During the period of this estimate, the junta will continue to respect the principle of the subordination of the ROK Armed Forces to the UN Command. However, in a period of political crisis, command relationships might be seriously impaired. In any event, ROK-US military relationships at the working level will probably remain reasonably open and friendly.

17. Despite strong US pressures for an agreement, it is unlikely that the issue of ROK-Japanese relations will be resolved during the next few months. Preliminary talks have been resumed, but the financial gap between Korean claims and Japanese offers will make compromise difficult. Even if an agreement should be reached, it is unlikely that it could be implemented quickly enough to provide significant Japanese funds to strengthen the Korean economy during the next several months.

### C. The Communist Threat

18. While the military danger from the North continues to exist, the Communist threat to South Korea remains primarily political, psychological, and subversive in nature. The events of recent months—the crisis of leadership within the junta, the increased public apathy and even hostility toward the regime, the depressed state of the economy, and the differences with the US—have clearly increased these dangers. The North Koreans have already moved to exploit ROK-US conflicts by resurrecting an earlier propaganda line. The former vitriolic attacks against the ROK military government have been submerged; the campaign now stresses Korean nationalism and calls for the withdrawal of US troops. The peaceful unification theme, which proved effective among leftwing intellectuals and student groups during the Chang era, is also being pushed. The ultranationalism which the Pak regime has encouraged may give this propaganda line an even broader appeal than it once had. The USSR has dovetailed its policies with that of North Korea by formally requesting the inclusion on the current UN agenda of an item on “the withdrawal of foreign troops from South Korea.”

19. The Communists are well aware of the internal tensions within South Korea. The present situation, with its broadening gap be-

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tween the public and the junta, provides increased opportunities for stirring dissension and gaining recruits for subversion. The disunity within the junta itself presents openings for penetration of the government apparatus and the organization of antiregime groups. Increased concentration of power in the hands of the CIA and the dubious backgrounds and leftist ideologies of certain of Kim's close supporters are another source of concern.

20. During the period of this estimate, none of these dangers is likely to develop into any real Communist threat to the regime. The desire for unification is still largely offset by

memories of Communist actions during the war. Additionally, there is little evidence that subversion and infiltration have materially increased in recent months or that the CIA's recognized capability to counter such activities has declined. However, if the political erosion, which has already commenced, is not halted and if economic stagnation persists or if the CIA should turn to massive repression or blatant fraud to maintain its position of power during and after the transition to a civilian regime, the problem of countering Communist subversion will become far more serious than at present.

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