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8 June 1962

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# CURRENT INTELLIGENCE WEEKLY REVIEW

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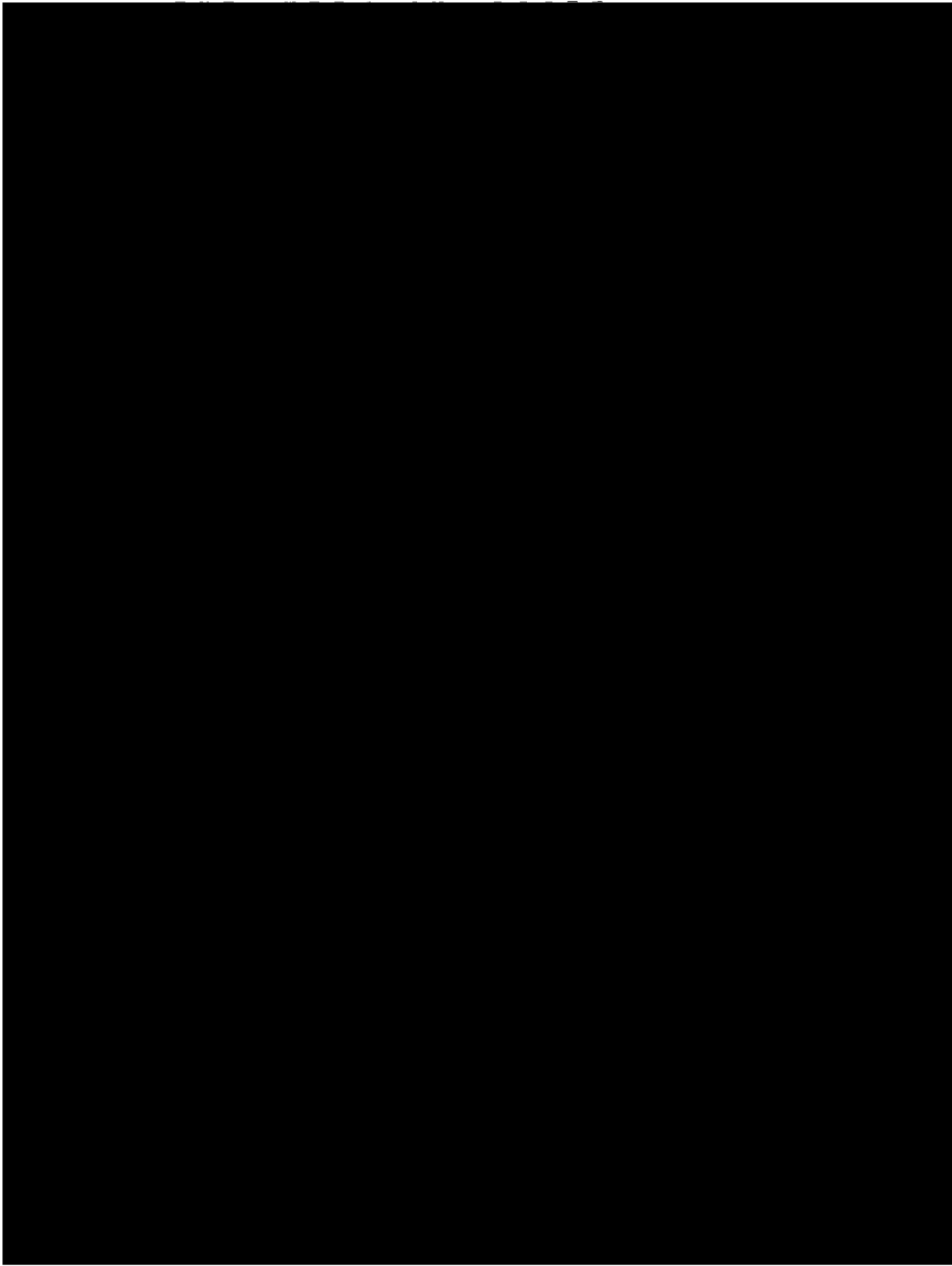
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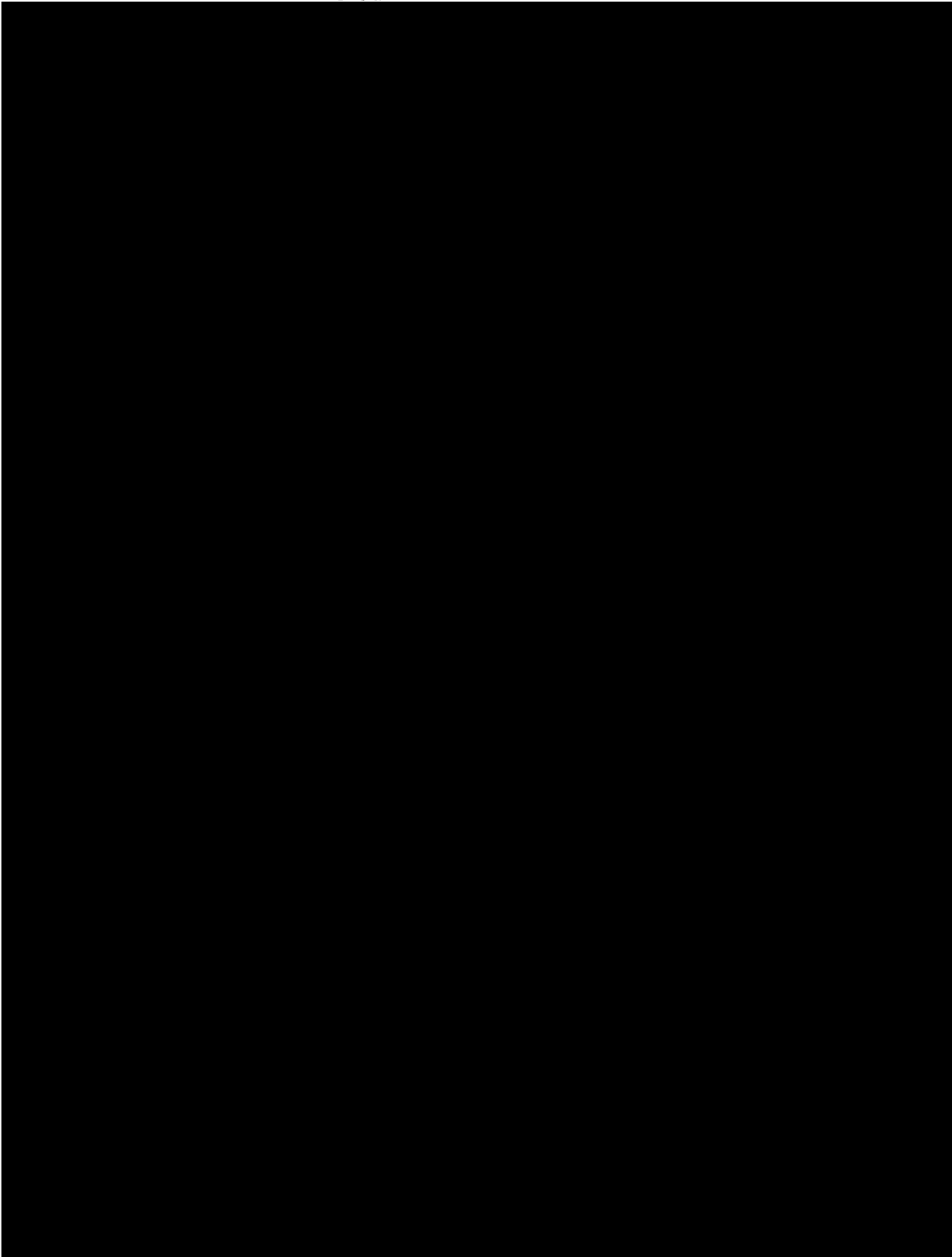


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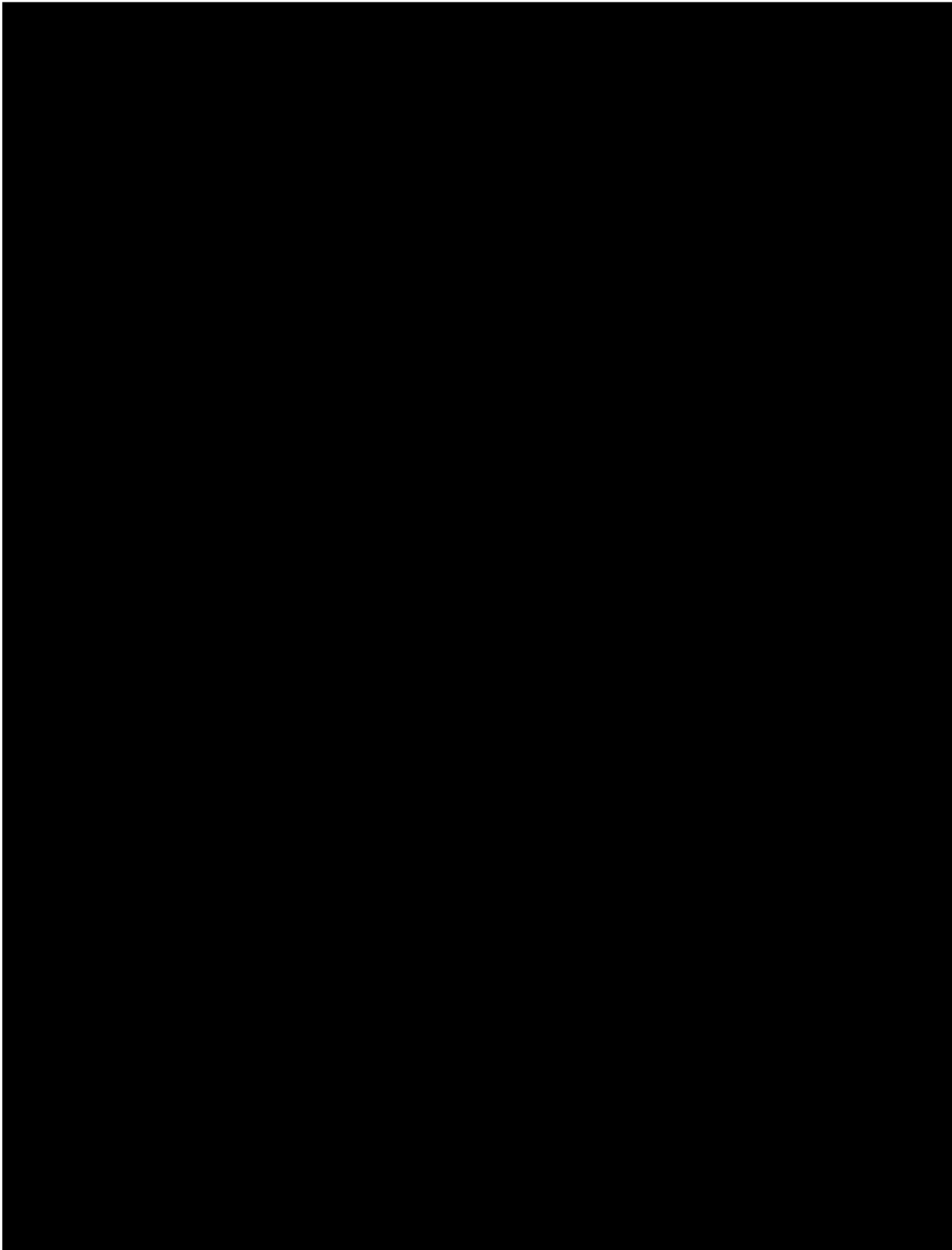


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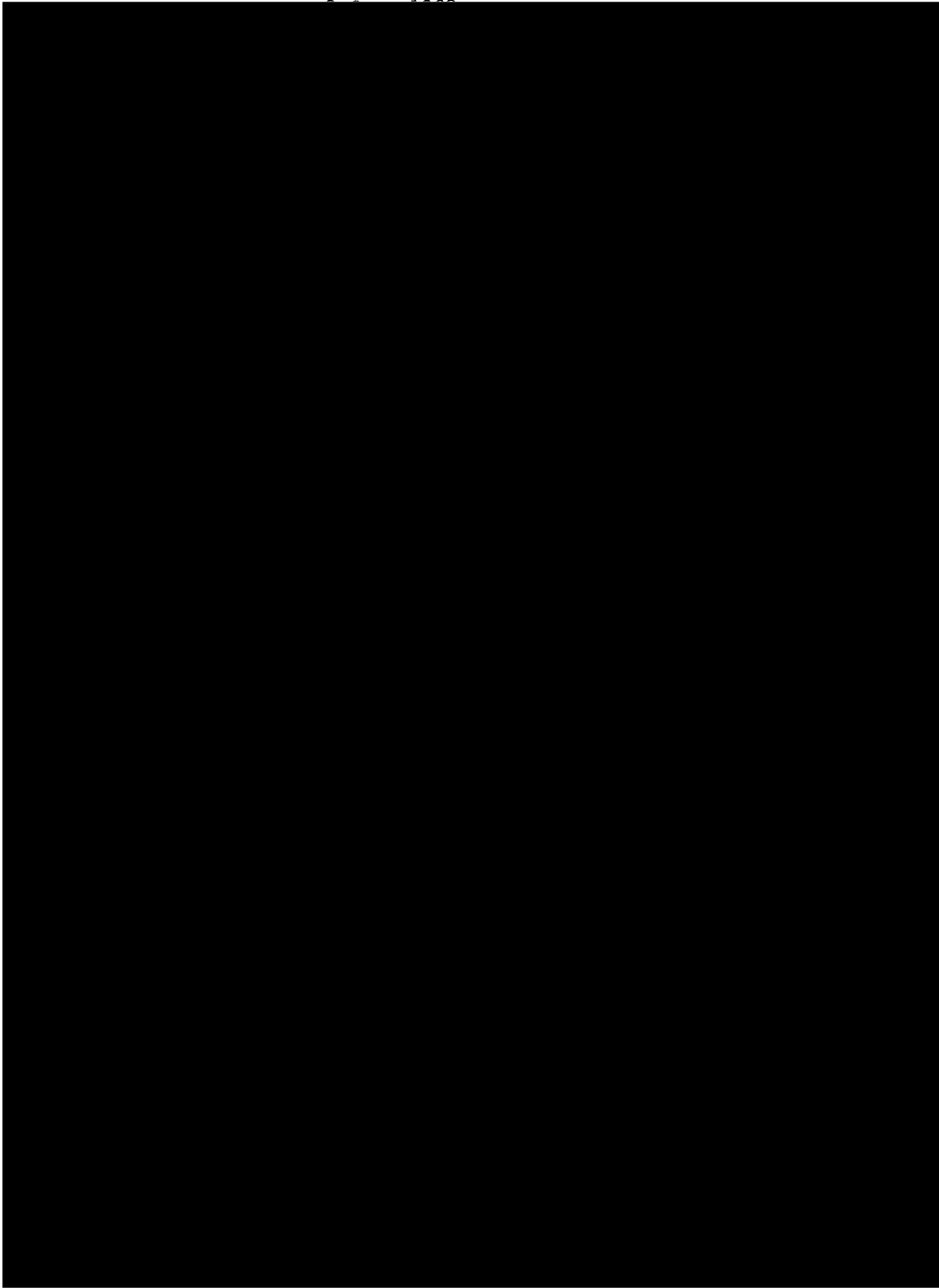


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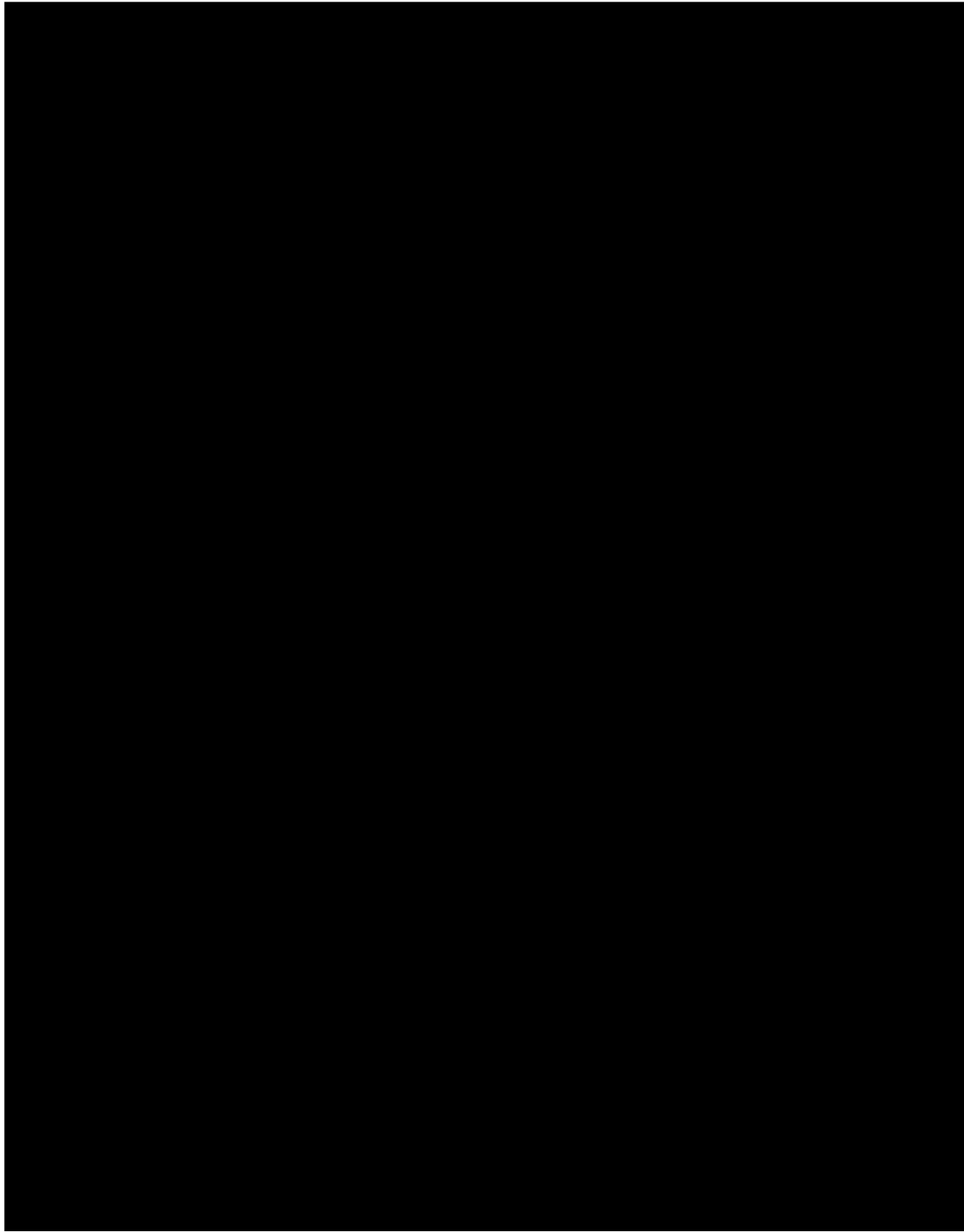
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SOUTH KOREA--A YEAR OF MILITARY RULE . . . . . Page 9

The military regime of General Pak Chong-hui during its first year has consolidated its position and embarked with determination on an inadequately planned program to overcome South Korea's many social, political, and economic problems. The regime has not won wide support. Its authoritarian tactics and the increasingly clear intention of the leadership to dominate a succeeding civilian administration have alienated important political groups. The junta is vigorously seeking to broaden South Korea's international ties, while promoting closer regional cooperation against the Communists.



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SOUTH KOREA--A YEAR OF MILITARY RULE

The military regime of General Pak Chong-hui during its first year has consolidated its control of South Korea and is moving to assure the dominance of the present leadership in a succeeding civilian administration. Power is in the hands of an armed group which has younger and better informed leaders and is providing a more efficient and less corrupt administration than any recent South Korean government.

The regime has not won wide support, however, and its authoritarian tactics have alienated politically important groups. While approving the junta's strong anti-Communist stance and generally recognizing the need for reforms, public opinion increasingly favors an early return to civilian government.

The government has initiated programs for economic reform, many of which have been too hastily developed and poorly administered. There remain the chronic problems of factionalism within the junta, unemployment, poverty, under-industrialization, and an overly large military establishment.

Consolidation of Control

General Pak has emerged as the key man in the regime as a result of his ability to hold in balance the factions in the Supreme Council for National Reconstruction (SCNR)--the top executive and legislative body. His personal integrity has won the esteem of the military and considerable respect from the general public. Pak's November 1961 visit to Washington and subsequent expressions of US support enhanced his prestige.

Following the Washington visit, factional tensions in the SCNR diminished. Most political prisoners seized during the early days of the regime have been released under close police surveillance. Leftist agitation has been suppressed, and the disorderly student demonstrators whose activities highlighted the Chang Myon administration have been returned to the classroom.

In June 1961 the junta established the semiofficial National Reconstruction Movement (NRM) to build public support for the "revolution" and extend political control to the grass-roots level. Local branches now blanket the country, but the NRM is regarded with apathy and suspicion. Koreans describe it as a "dragon's head, snake's tail."

The students, at first favorably disposed toward the patriotic appeal of the May coup, soon became disaffected. Arrests of students and professors generated fear and resentment. Long-needed educational reforms--the closing of sub-standard institutions and reduction of liberal arts enrollments--were hastily imposed without adequate preparation.

The junta's actions toward organized labor have been governed by suspicion and a desire to forestall any actions that might interfere with the regime's economic plans. The unions have been reorganized under new leaders, most of them young men reported to be dynamic and realistic. Strikes are banned, and other activities are circumscribed by police surveillance.

The junta's efforts to court the farmers, about 70 percent of the population, have met with only marginal success. Rural conditions appear no worse, possibly even a little better, than before the military takeover. Policies, however, appear to have been based on a "simple soldier's judgment of society," and programs such as the anti-usury law have been well intentioned but often ill thought out and hastily implemented. Although the villagers seem to have some appreciation of what the regime wants to do for them, they are confused by the frenetic activities of the new government and tend not to cooperate.

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The Politicians

Corrupt politicians were a major initial target of the military group. After having a taste of power, the coup leadership became increasingly



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concerned over the danger of a challenge from ousted political leaders who retain strong ties in their local areas. In the eyes of the junta, "corrupt" politicians soon were equated with former politicians.

The "Political Purification Law," promulgated on 16 March, gives the junta the authority to bar anyone from political activity for up to six years. Most leading politicians among the 4,374 on the SCNR screening list refuse to apply for permission to resume political activity. Of the 2,958 who did, the regime has cleared 1,336. A faction of young politicians who belonged to the opposition during the Chang Myon administration was the only prominent group approved.

General Pak has the authority to clear anyone who is "conscientious and a good person." How he exercises this power may indicate the extent to which the junta is willing to risk continued alienation of responsible older civilian leaders. There are indications that some politicians have been maneuvering for alliance with dissatisfied military elements.

The most critical period is likely to be the transition to civilian authority. The timetable as outlined by Pak calls for resumption of civilian political activities by early 1963, promulgation of a new constitution before March, and general elections in May.

The regime's intention appears to be to elect Pak president, with a 120-seat, rubber-stamp legislature made up of former military officers and selected civilians. There reportedly will be a small opposition comprised of young politicians with wholly civilian backgrounds. The leaders allegedly intend to hold free elections, which they believe they can win through "positive, popular programs." More likely, they plan to use the secret police and the Purification Law to manipulate the nomination of candidates and thus avoid blatant fraud and the coercion of voters

at the polls. In any event, they will have to make at least a plausible pretense of honest elections if they are to avoid risking serious unrest.

Foreign Relations

The junta is vigorously seeking to broaden South Korea's international ties while promoting closer regional cooperation against the Communists. Eleven additional countries have recognized South Korea since the junta seized power. Consulates have been established in India and Egypt, where the North Koreans also maintain consular relations. Unlike the Rhee government, the present regime has not assumed a bellicose policy toward the problem of Korean unification, possibly because the military coup casts a shadow on the government's claim to represent the will of the people.

Seoul is quietly providing a small group of guerrilla-warfare instructors to aid the South Vietnamese.



The junta wants Japanese funds to help finance its five-year economic development program and is seeking to end the ten-year impasse in relations with Japan. Pak's policy appears to be to offer Tokyo concessions on minor issues in the hope of eventually receiving a large cash settlement. However, the Japanese do not foresee enough benefits to justify meeting Seoul's asking price, and negotiations probably will drag on for some time.

The leaders seem anxious to continue South Korea's close ties with the United States but are highly nationalistic and intent on demonstrating the country's independence. They show an increasing reluctance to accept American advice when they believe South Korea's interests are not parallel with those of the United States.

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Pak has agreed to the principle of subordination of the South Korean armed forces to the UN Command, but the Koreans have indicated that they desire greater control over their own forces. This desire could take several forms, including pressure for a reorganization of the army command structure, with a reduction of the number of troops subject to the UN commander's operational control. The authority of the UN commander can no longer be taken for granted, particularly in decisions the junta leaders consider vital to their interests.

Economic Problems

The military government has introduced a sense of direction and discipline that has been missing since the republic was founded in 1948. This has included a concerted effort to control corruption. At the same time, however, the lack of civil administration experience among military officers and their distrust of former government and business leaders severely limit the government's ability to deal with the country's overwhelming economic problems.

Already in control of the central Bank of Korea, the military regime administers the nation's financial system by having, in effect, nationalized all commercial banks. Punitive action still in process against major industrialists and businessmen--practically all of whom stand accused of securing large profits illegally through collusion with former government officials and politicians--may lead to the nationalization of leading business enterprises as well. Uncertainty surrounding the disposition of these cases and businessmen's anxiety about future investments and opportunities led to stagnation of the economy during most of 1961. Only recently has industrial activity shown signs of revival, and these are not definitive.

Perhaps most serious of all the government's economic problems, however, is its disregard for matching its ambitious spending programs with sound sources of revenue. Improved

tax-collection procedures and diminished corruption among government officials are stretching available revenues further, but subsidies to farmers, defense spending, economic development costs, and loss of revenue from business stagnation have magnified the deficit and had a grave inflationary impact.

The regime's five-year economic plan envisages increased agricultural production, industrial expansion, an export program rising by 150 percent to \$291,000,000, and the attraction of sizable amounts of foreign investment, both private and official.

Earliest attention is being given to increasing electric-power generation on a country-wide basis and to a dramatic \$310,000,000 project to create an industrial complex at the southeastern port city of Ulsan, incorporating an oil refinery, a thermal electric power station, a fertilizer plant, and an iron and steel plant. The government is relying heavily on continued massive foreign aid to achieve its goals and presumably will continue, once the projects are completed, to require such assistance to finance raw-material imports.

Outlook

South Korea's major long-term problem is the poverty of its economy. Large-scale foreign aid and growing national aspirations have generated widespread public expectations for a rising standard of living. Prospects for improvement, however, are limited by the paucity of natural resources and human skills.

Immediately, the stability of the regime largely rests on Pak's ability to prevent a revival of factional infighting within the military, and more particularly within the ruling junta. **APPROVED FOR RELEASE DATE JUL 2001** sudden removal--there a number of reported plots against his life--or his failure to hold the military factions in balance could at any time set off a new round of political confusion and possible violence.

