

MEMORANDUM

DOS, JCS, NSS, Review
Completed.

THE WHITE HOUSE
WASHINGTON

ACTION

SECRET/SENSITIVE

January 16, 1973

MORI C05125068

Henry:

Much to our amazement, Habib has drafted a proposed policy paper which, among other things, proposes that we be planning a reduction of U.S. forces in FY 1974 and an internal study looking to their total withdrawal in the FY 75-76 period (Tab B). He also wants to consider seriously phasing out all grant assistance in the FY 76-77 period.

We think this should be turned off firmly now before it leaks out (which it most certainly will -- given the wishful thinking on the part of some elements in State). Otherwise, we are headed for a disaster in our relations with the ROK at this critical juncture. We will be handling this firmly in the bureaucracy but believe that the attached backchannel to Habib (Tab A) can put things in focus and get him personally lined up.

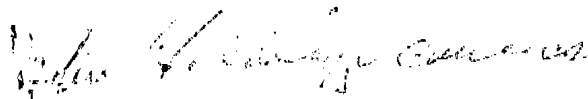
Recommend you approve the attached message.

Approve AK

Disapprove _____


R. T. Kennedy

Attachments



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AMEMBASSY SEOUL

25X1

EYES ONLY FOR AMBASSADOR HABIB FROM HENRY A. KISSINGER

1. I know that you and others in State and Defense are now engaged in making contributions to various studies relating to U. S. policy toward the Republic of Korea. In this connection, I thought that the President's views on the nature of the U. S. military presence in Korea and on the 5-year Modernization Plan might be helpful to you in your consideration of various options.

2. Regarding the U. S. military presence, the President has no plans to carry out any further troop reductions for the foreseeable future. He remains conscious of the near-trauma of our previous reduction caused in our relations with the ROKs, and wants to be certain that the question of our military presence is looked at very carefully in this light to assure that whatever we do does not generate a grave loss of confidence in us on the part of the ROK people and Government.

3. In the President's judgment, the 5-year Modernization Program also relates very closely to this issue of ROK confidence and US-ROK relations. He recognizes that Congressional funding may be hard to get, but on the basis of the assurances which we have given the ROK leadership he considers that we have no alternative but to carry out the program with such stretch-out as may be necessary to reach the \$1.5 billion level. The ROKs consider that they have a commitment

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from us, and so does the President. As he sees it, the only real issue therefore is the mix of ground force, air force, and navy requirements for a balanced defense. Some adjustments can of course be made here as a result of recommendations from you and General Bennett, from State and from Defense.

4. Any comments which you would care to make to me directly would be very welcome. I fully appreciate the complexities of the problems which we face over the matter of our military relationships with the ROKs, especially since the ROK constitutional changes went into effect, and will look forward to your counsel.

5. Warm regards.

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No Objection to Declassification in Part 2012/12/20 : LOC-HAK-30-1-18-7

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NO.

HANDLING INSTRUCTIONS

TO : DEPARTMENT OF STATE

COPY NO. 16
SERIES B

EX-100
P

FROM : Amembassy SEOUL

DATE: December 10, 1972

SUBJECT: U.S. Policy in Korea - Country Team Message.

REF :

SUMMARY

This is a three part paper containing the Country Team assessment of the Korean situation, recommended objectives and supporting policies in a PARA context and conclusions, alternatives and tactics. In the light of developments during 1972, the Country Team recommends review and modification of U.S. objectives and policies in Korea.

I. ASSESSMENT OF SITUATION AND IMPLICATIONS OF POLICY.

1. -In 1972, events have set in motion changes which profoundly affect the Korean peninsula. The July 4 Communique between the North and South and President Park's "October Revitalization" program have changed completely the context of the South-North relationship and the structure of government in the Republic of Korea. Coupled with the developing new relationships between Korea's great power neighbors and the U.S., these changes affect not only Korea but the U.S. role and policies here.

CLASSIFIED BY AMBASSADOR PHILIP C. HABIB. SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED AT TWO YEAR INTERVALS AND DECLASSIFIED ON DECEMBER 31, 1980.

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- V. I. G.
- WALSH

Drafted by: DO' Donohue/PCHabib

Contents and Classification Approved by: AMB: PCHabib

Clearances: POL: RBPeters, COMM: NGetsinger, DCM: FUnderhill, COMUSK: Gen. Bennett, USIS: MSmith, DIR: MHBADler, SAA: JHRichardson

A. SOUTH-NORTH RELATIONS.

1. The ROKG and the DPRK have moved rapidly in establishing a substantive dialogue and the intergovernmental mechanisms for continued coordination and future joint actions (e.g., exchanges, economic relations, political discussions). The July 4 Communique provided a framework within which future negotiations between the two sides will be conducted.

2. While major substantive matters are being approached cautiously, the process now in motion is not expected to cease and we expect more measured, but still visible movement towards broader dialogue and greater contacts between the South and the North. For the foreseeable future, it is our assessment that neither side has as its target organic unification but rather a level of accommodation that does not threaten absolute control over their respective areas. Each will seek to further its own short term objectives while biding time on the larger issue of reunification.

3. As this process continues, it inevitably affects U.S. policy for Korea. It affects assessments of the security threat and our policies regarding the Korean question at the UN and the problem of international recognition of the DPRK. At the same time we must avoid actions which would threaten progress in the South-North dialogue or give the impression that we are precipitately abandoning the ROK. In sum, our policy and programs need to be modified to reflect the new situation in Korea.

B. THE THREAT OF WAR.

1. As a result of the South-North meetings and the international environment in which they have occurred, the danger of major hostilities is less now than at any time since the 1953 Armistice. There have been no reported incidents along the DMZ in a year. Militant threats and bitter exchanges between the two sides have receded. In their bilateral contacts, including the hotline, the ROKG and DPRK have reduced the importance of the Military Armistice Commission.

2. Nevertheless, formidable military forces face each other. In ground forces, the ROK has an advantage, and the navies are at a standoff. However, the North maintains an advantage in air

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power if the U.S. air forces available are not taken into account. This latter imbalance is not serious in the current situation and the present and projected deterrent power in total forces available to the ROK is sufficient for ^{US} needs. If the modernization plan for ROK forces is essentially achieved in terms of equipment, we have no doubt that the bilateral military stand-off can be maintained.

C. THE ROK DOMESTIC SCENE.

1. Domestically, President Park has abandoned a political course which has served him and his nation well and which we have encouraged in Korea for 25 years. With the "October Revitalization" he has deliberately embarked on a program of highly personal, authoritarian rule. There is now established a governmental structure based essentially on tight executive control. We have commented on Park's reasons in other messages. They involve a complex of factors including, primarily his ambition to remain in power and his long-standing unhappiness with the constraints and political frustrations inherent under the former constitution. Park is also convinced that in a changing international environment, and in dealing with North Korea, his country's national interest demands his strong, unchallenged leadership.

2. We cannot now predict the future train of events. Stability in the near future rests on Park's ability, for the present unquestioned, to maintain control through the traditional instruments of a dictatorship -- the bureaucracy, the police agencies and the Army. The "October Revitalization" will go far beyond the political institutions in establishing firm, positive government control over South Korean society. Measures now under consideration would affect education, labor, the press and economic life. The government speaks of exercising authority with restraint, but there is little question that control will be firm and dissent forbidden. However, disquiet exists, particularly among the educated and students.

3. These changes will cause problems for us and may well affect certain of our programs. Considering our substantial military presence and long-term support for Korea, the USG will be faced

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with the continuing question of what our policy stance should be towards unpalatable domestic actions of the Park Government.

4. The ROKG hopes that we can be induced to appear to positively support its domestic political plans. At a minimum it expects that we will do or say nothing to jar its control of the situation and that key elements of U.S. policy (MAP, AID, PL 480, U.S. forces) will not be seriously affected in the short term. We should not support or approve Park's repressive domestic political actions or be associated with them publicly or privately. Indeed, we believe they were unnecessary and in the long run unwise. However, our long-term presence here and continuing relationship with the ROK associate us, at least tacitly, with the ROKG. It is clear that no mere wrist slapping will deter Park from his political designs. He and those around him are committed to establishing a severely controlled society. This we can deter only by direct and drastic intervention which would threaten Park's hold on power, create instability and deepen our involvement in the ROK internally.

D. THE INTERNATIONAL SITUATION

1. The South-North dialogue and President Park's "October Revitalization" should be viewed in the context of the international scene. Korea is no longer the frontier for East-West confrontation and the interests of the four great powers in Northeast Asia transcend Korea. The evolving web of contact between the great powers has lessened greatly the possibility of a conflagration in Korea involving, or directly supported by, the USSR and PRC.

2. The Koreans have recognized this. On both sides of the DMZ, they have made their own hard-headed appraisal of the situation. The ROKG expresses concern that it can no longer rely completely on the U.S. commitment despite our frequent reaffirmations. It is deeply conscious of the increasingly dominant economic role being played by Japan, and asserts a desire for a continuing U.S. economic presence as a counterweight. Koreans also fear that Korea's future may be caught up and decided in some great power permutations over which they have no control.

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3. In this situation, President Park is determined to move toward a policy of greater "self-reliance," diplomatically, economically and militarily. Concern over the great powers, including the U.S., is a clear theme in Park's justification for his domestic political actions as well as the South-North dialogue. However, Park's view of self-reliance, paradoxically, includes a desire and an expressed need for the U.S. presence and assistance to continue -- at least in the short run. His concern that we will reduce our aid program, withdraw our troops sooner than he would like, and his doubt over the firmness of our treaty commitment, come to the surface from time to time. Generally speaking, he wishes to hold on to these elements of strength for as long as he can, expecting they will diminish as time goes on.

II. RECOMMENDED PARA OBJECTIVES AND SUPPORTING POLICIES AND PROGRAMS

Based on the assessment contained in Part I, there follow the Country Team recommended PARA objectives and summary recommendations regarding supporting policies and programs:

A. RECOMMENDED OBJECTIVES:

1. Deter hostilities on the Korean peninsula.
2. Maintain a stable compromise of interests bearing upon Korea among major powers in Northeast Asia. For Japan, in particular, this would mean continued availabilities to the U.S. of bases to support our security commitment and a major economic role in Korea.
3. Support the South-North dialogue in a manner consonant with U.S. interests.
4. Increase ROK self-reliance and reduce ROK dependence on U.S. military support for its own defense.
5. Avoid U.S. actions with regard to North Korea which interfere with the development of South-North accommodation.
6. Support the continued presence of a government in the ROK whose foreign policies and outlooks are favorable to the U.S.

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7. Maintain our long-term interest in the growth of political maturity in the ROK and of institutions responsive to the needs of the Korean people.

8. Increase U.S. exports to Korea and expand private investment in support of U.S. balance of payments while maintaining our interest in sound economic growth in the ROK.

9. Further cultural relations between the United States and Korea.

10. Maintain access to such military bases in Korea as needed.

B. SUPPORTING POLICIES AND PROGRAMS:

1. Domestic.

a. Recognize that the Park Government is embarked on an independent course based on a domestic foundation of highly personal, authoritarian rule.

b. Maintain normal, friendly governmental relations with the Park Government but seek to avoid associating ourselves with Park's domestic authoritarian political plans and actions.

c. Maintain normal contacts with elements of Korean society outside the Korean Government, to include any responsible political opposition that may exist.

d. Continue our public and private support for the ROKG in the South-North dialogue.

2. International.

a. While not rejecting postponement as a tactic, accept the extension of unconditional invitations to both sides to participate in discussion of the Korean question at the UN. Leave the question of membership for either one or two Koreas to be decided by the ROKG and DPRK themselves. In this regard the manner in which resolutions by the opposing sides would be dealt with at the UNGA require special consideration.

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b. Accept the early end of UNCURK in an appropriate and dignified fashion.

c. Quietly work to move the question of Korean unification out of the UN context leaving it as an issue for the two Korean regimes to settle - not as an international responsibility.

d. Accept that the problem of third country diplomatic relations with the ROKG and the DPRK is a matter for the individual governments to decide. We should no longer feel required to expend major diplomatic capital trying to block diplomatic recognition of the North by other governments.

e. Begin to review our policy with regard to North Korea while avoiding any actions which could complicate the development of South-North relations. At this time we should approach any bilateral dealings with the North most cautiously and only after full consultation with the ROKG.

3. Military.

a. Maintain the Mutual Defense Treaty.

b. Begin reducing ground combat forces in the ROK in FY 74. Inform the ROKG of the size of the reduction in the spring of 1973 and after the National Assembly elections.

c. Study internally the possibility of complete withdrawal of ground combat forces from the ROK in the FY 75-76 period. At the same time, recognize that South-North developments or other events will affect timing.

d. Continue to transfer the cost of the ROK military defense to the Koreans themselves:

i. Proceed to reduce MAP "Operations and Maintenance" costs through FY 75 as proposed in Seoul 6679 and examine the need for any residual O&M thereafter.

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ii. Attempt to substantially meet the MOD Plan "investment" objectives with FY 75 as the target terminal year. This would involve significant increases in "I" levels above those currently projected. Then consider seriously phasing out all grant assistance in the FY 76-77 period.

i. Review the utility of the UNC in the current Korean situation, particularly as it relates to operational control, the armistice and likely UN developments. We should also begin to talk to the ROKG about possible ways of transferring the UNC armistice responsibilities to the ROKG since the two Korean regimes are already in de facto fashion dealing directly on the maintenance of the peace.

4. Economic.

a. Continue our PL 480 program at levels appropriate to Korea's needs and in support of U.S. objectives including trade development.

b. Continue our vigorous, expanded support for U.S. commercial interests. This requires a more active campaign to interest U.S. exporters in the Korean market, improving EX-IM and other credit and guarantee facilities for trade, and when necessary, the use of official "leverage" to the advantage of U.S. commercial interests.

c. Continue the phasedown of AID technical assistance programs. The ROK is a successful AID "graduate" country. In its present stage of economic growth, the ROK does not need the kinds of technical assistance we provided in the past.

d. Terminate U.S. development loans by the end of FY 75 consistent with our understandings under the Textile Quota Agreement.

5. Other Programs.

a. USIS

Continue the U.S. informational and cultural program in support of U.S. objectives as set forth above.

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b. Peace Corps

Review ongoing Peace Corps activities in the light of likely ROKG restructuring of social institutions. Do not increase the program above present levels and assure continuation of a low profile, non-political stance on the part of Peace Corps volunteers in a new, restrictive political environment. Recognize that the Peace Corps program is marginally useful to Korean development but in selected areas its contribution has been valuable and appreciated. It also provides a good environment for American youth for service and self-development.

III. CONCLUSIONS,--ALTERNATIVES AND TACTICS:A. EARLY ACTION:

In major program terms, the recommended policies and program changes listed in Part II would involve early decisions on the following matters. These decisions should be made soon and would be communicated to the Koreans in the first half of 1973.

- a. Modification of our UN policy concerning Korea.
- b. Level of U.S. ground forces in Korea in FY 1974.
- c. Increase of MAP "I" to allow substantial fulfillment of MOD Plan "I" objectives by the end of FY 75.
- d. Approval of the MAP "O" cost transfer schedule previously recommended.

B. THE LONGER TERM:

1. Other recommended actions will be considered in more detail in future messages if the general policy direction as envisaged is approved. This involves such things as the future of the United Nations Command, U.S. policy regarding North Korea, U.S. force levels and MAP programs beyond FY 1974, and economic and commercial programs. Some of the simpler recommended actions can be accomplished within existing policy guidelines.

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2. It should be noted that, if our recommendations are accepted, there still will be a major U.S. presence in Korea in the foreseeable future. Our PL 480 program would continue; MAP levels would be high through FY 75 and would substantially meet the joint U.S./ROK modernization goals; over 30,000 U.S. military personnel, including the air component, would still be in ROK at the end of FY 74. Most importantly, the basic U.S. security commitment in the Mutual Defense Treaty would remain. Given our current assessment of the security situation, the strength of the ROK forces, and the ability of the Korean economy to bear increased defense costs, we believe it entirely feasible that a carefully calculated phasedown in our present high level of military support can begin in FY 73-74.

3. Our recommendations are in great measure a recognition of trends and decisions already clearly in train. Our recommended course of action would only begin, not complete, the process of establishing a new U.S. relationship to Korea. Our recommendations are sufficiently considered and flexible to avoid a major increase in tensions and to avoid compromise of other important U.S. objectives in Korea and in Northeast Asia. For instance, they should not unduly upset valid Japanese concerns about the security of the area. Nor should they jeopardize the further development of the dialogue between South and North Korea.

C. THE ALTERNATIVES.

1. The most obvious alternative to our recommendations is to maintain our programs, support and commitments at present levels and let events determine our policy. There are disadvantages in this. They are:

a. The likelihood that events in Korea, the UN and internationally will continue to outpace our expectations. Instead of adopting a prudent course reflecting our assessment of the situation, we would be faced with a series of discrete decisions made on an ad hoc basis, which we suspect would be more, not less, unpalatable to the ROK and more destabilizing in their impact.

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b. A lessened justification for our present high levels of support in terms of the security threat. We would, therefore, be mis-using resources and our programs should be brought into closer alignment with desirable U.S. objectives.

c. The clear danger that maintenance of the status quo in policy terms would not only be inappropriate but also unresponsive to our interests as the situation in Korea and Northeast Asia changes.

2. Another alternative would be a policy of active intervention to force the Park Government to back down from its authoritarian political plans and to reinstitute representative government. As we have noted earlier, we can only deter Park by drastic intervention which would create major internal instability and involve us deeply in Korean domestic affairs. This alternative was rejected by the Embassy and the Department at the time martial law was declared and the new Constitution announced. There are those in Korea, and elsewhere, who will be disappointed if the U.S. does not use what leverage it has to try to force the ROKG to reinstitute democracy in Korea. However, it remains our view that the costs of trying to coerce Park to retreat are too great in terms of our objectives and our interests here and, in any event, might fail.

3. Internationally and at the UN, we could also stand pat on our past positions trying to preserve the special status of the ROK. However, the South-North dialogue and other developments, including the imminent international acceptance of two Germanies, make it unlikely that we can successfully accomplish this. Similarly UNCURK, which is of marginal utility, appears to be nearing the end of its road with even the Australians considering how to end the Commission. Because of these considerations, we believe that our past UN policy will not long stand up and that 1973 should be used as a transition year to a policy more in keeping with the realities of the situation.

D. TACTICS AND ROK REACTION:

1. We would expect a strongly negative reaction by the ROKG to any apparent diminution of our support. The ROKG wishes

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to preserve as long as possible the benefits of their relationship with the U.S., whatever the actual requirements of the situation are.

2. For obvious tactical reasons, the ROKG would insist that there be no reduction of U.S. troop levels through at least FY 1975, that the MOD plan be fulfilled completely and that UN strategy be unchanged. They might accuse us of weakening our basic commitment at a time when they need it to deal with the North. They might also interpret any U.S. actions as manifestations of U.S. political displeasure with President Park's domestic policies.

3. At the same time, the Koreans are tough and cynical realists. They have already made their own appraisal of the situation and are anticipating changes in their relationship with the U.S. Prime Minister Kim's public statements predicting U.S. troop withdrawals by 1975 reflect a private conviction that a fundamental change in ROK/US relationship is inevitable, and eventually desirable, as soon as the ROK can manage it. The ROKG will not be surprised by the fact we would consider scaling down our material support. However, they want to delay our actions as long as possible.

4. Tactically, we would not present as a package our proposals regarding UN policy, U.S. force levels and MAP. Rather we envisage the following scenario in 1973:

a. February-March: Inform ROKG of our firm decision on transfer of more "O and M" costs. At the same time assure them in concrete terms of USG determination to seek sufficient "I" to assure substantial completion of MOD plan objectives by FY 75.

b. March-April: Inform ROKG of our view that our UN strategy and policies must be modified in the light of developments in peninsula and internationally. Give them our views on policy changes and the future of UNCURK.

c. May-June: Inform the ROKG of a scheduled reduction of U.S. ground forces in FY 74.

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5. In our approaches we would assure/ROK of our continued commitment to ROK security, pointing to remaining U.S. forces and our commitment to MOD plan "I" levels. At the same time we would also frankly point out that our MAP and U.S. force levels are not immutable. They are based on ongoing assessments of the threat and on the ability of ROK to bear the costs of its defense. We would tell the ROKG that modernization of the ROK armed forces and the impressive growth of the Korean economy mean that U.S. military resource allocations will continue to change, while our basic treaty commitment remains firm.

E. CONCLUSION:

In conclusion, we believe that the changed international environment, the South-North developments and President Park's "October Revitalization" force a review and modification of our objectives in Korea and our supporting policies. The year 1972 has been a watershed year for Korea, and U.S. policies should reflect a new reality and a changing U.S. role. Therefore, we request early consideration of the recommended policies and programs and the proposed tactics.

HABIB

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