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in Korea'**

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Summary:

An intelligence report about both North and South Korea. The report explains what the situation currently is and what is projected to happen with Soviet and American interaction with their respective Koreas.

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CENTRAL INTELLIGENCE GROUP

THE SITUATION IN KOREA

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Copy No. 5CENTRAL INTELLIGENCE GROUPTHE SITUATION IN KOREASUMMARY

Unity and independence are the dominant aspirations of the Korean people, while partition and joint occupation by the US and USSR are the governing factors in the political and economic life of the peninsula. The promises of independence made at Cairo, and confirmed at Yalta, have not been fulfilled. The division of Korea at the 38th parallel has become an almost impenetrable barrier between the US and Soviet Zones. The Moscow Decision, which provides for the unification and eventual independence of Korea, has not been implemented, largely because of disagreement between the US and USSR over the interpretation of the document and the meaning of democracy. All efforts to reconvene the Joint Commission since its adjournment last May have failed.

In the current deadlock, both the US and USSR are attempting to strengthen the political and economic organization of their own zones. The USSR has made more rapid progress toward regimentation in North Korea than the US has made toward democracy in its zone. An interim US policy for South Korea was not implemented until after the adjournment of the Joint Commission disclosed the fundamental disagreement over interpretation of the Moscow Decision. The sovietization of North Korea, on the other hand, began immediately after the occupation, and has proceeded without interruption since then.

Soviet policy in Korea is directed toward the establishment of a friendly state which will never serve as a base of attack upon the USSR. In order to attain this objective at a minimum cost to its own scanty resources in the Far East, the USSR has attempted to make North Korea economically self-sufficient though politically subordinate. Soviets have given their zone a semblance of autonomy by entrusting the administration to a hierarchy of "people's committees" dominated by the Korean Communists. The economy of North Korea has also been reconstructed on the principle of state control. Banking, heavy industry and communications have all been nationalized. The land has been redistributed, and private enterprise survives chiefly in agriculture and handicrafts. Membership is compulsory in a monopolistic system of unions under strict political supervision.

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Although a socialistic program is favored by the large majority of Koreans, the Soviet program does not appear to have won the support of the people. In South Korea the choice between opponents and supporters of the USSR has been resolved in favor of the former in every election. In the Soviet Zone indications of popular apathy and discontent have appeared despite the prevalence of censorship. The present administration of North Korea has nevertheless won an overwhelming victory in the recent elections, which the Soviet authorities regard as a popular mandate to carry on their current policies.

In contrast to the Soviet discipline of North Korea, South Korea is in a state of unrest. The food shortage is the chief cause of unrest, but the well organized Communist opponents of the US occupation are endeavoring to give political direction to the current disorders, which Soviet propaganda represents as a protest against the interim US policy in Korea. This policy endeavors to enlist the cooperation of moderates in forming a coalition of parties and in establishing a provisional legislature in the US Zone. The majority is prepared to support the US interim program, which is now well advanced. The more radical wing of the Communist Party, with the support of Soviet propaganda, has therefore resorted to a campaign of terrorism against the occupation. A Korean army is being trained in the Soviet Zone, and may be expected to intervene, probably by mass infiltration, in case US forces should lose control of the situation in South Korea.

The immediate Soviet objective of establishing a firm Communist regime in North Korea is, therefore, close to realization. The long-range objective of the USSR is, however, to integrate the entire peninsula in the Soviet system of Far Eastern defenses. Since the US occupation of South Korea is the chief obstacle to this plan, Soviet propaganda and Communist agitation have consistently sought to drive the US out of Korea. At the present time, the USSR has deferred further diplomatic action pending the results of direct action by the Communist Party in South Korea.

A possibility remains, however, that the USSR will resort to compromise if radical methods fail, because certain long-term advantages are on the side of the US. Since most Koreans fervently oppose domination by the USSR or any other power, a stable democratic government in South Korea, which contains two-thirds of the population, would have the advantage over the Soviet-dominated regime in North Korea if US and Soviet troops simultaneously withdrew. Therefore, if order can be maintained in South Korea and progress is made toward establishing a provisional government, the USSR may decide to make concessions in an effort to reconvene the Joint Commission and carry out the Moscow Decision before the democratic regime in South Korea gains a firm foothold.

A more complete study of this situation is enclosed herewith.

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~~SECRET~~ENCLOSURETHE SITUATION IN KOREAThe Dominating Influence of Partition

The partition of Korea into two zones dominates the political and economic life of the peninsula. The division of Korea at the 38th parallel has turned into a hard and fast boundary which cuts off all intercourse between the northern and southern halves of the country, except for the exchange of mail and the transfer of surplus electric power from North to South Korea.

Korean Aspirations and US-USSR Policies

Unity and independence are the chief aspirations of the Korean people. Korean nationalism is a deep-rooted movement which survived forty years of Japanese repression and finally won international recognition at the Cairo Conference in December, 1943. The US, Great Britain, and China pledged themselves at that time to restore the independence of Korea. Soviet adherence to this declaration was subsequently obtained at Yalta in February, 1945, and the policy was reaffirmed at Potsdam in July of that year. The Conference of Foreign Ministers at Moscow in December, 1945, agreed to establish a provisional government for all Korea in order to prepare the Korean people for independence and democracy. Since the occupation had divided the peninsula into separate zones, the Moscow Decision also provided for a Joint Commission of the US and USSR to organize the provisional government and consult with it in working out a broad program of democratic reforms for a united Korea. This program in turn was to be submitted to the governments of the US, USSR, UK and China as the basis for a four-power trusteeship which would last "for a period of up to five years". All efforts to carry out the Moscow Decision have failed principally because of the conflict over trusteeship, and Korea remains bisected at the 38th parallel.

Since the adjournment of the Joint Commission in May of this year, the USSR has persistently refused to return its delegation to Seoul, except on terms unacceptable to the US. The Soviet Commander in North Korea has made it clear that the USSR would not retreat from its contention that the opponents of trusteeship must be excluded from the provisional government of Korea. General Hodge is equally insistent on the Koreans' right of free speech and on a broad interpretation of the trusteeship clause of the Moscow Decision. There is consequently little prospect of reconvening the Joint Commission in the near future.

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Pending the unification of the peninsula, the US and the USSR are both attempting to strengthen the political and economic organization of their respective zones. The USSR began the sovietization of its zone immediately upon occupation, whereas, until the adjournment of the Joint Commission, US policy was based on the assumption that the Moscow Decision would soon be fulfilled. A separate interim program for South Korea was not implemented until after the breakdown of Joint Commission negotiations had revealed the antagonism of the US and Soviet conceptions of democracy, and the difficulty of finding a compromise between them. The sovietization of North Korea therefore has progressed farther than has the democratization of the US Zone.

Situation in North Korea

Soviet Policy and Political Program. Soviet policy in Korea is directed toward the establishment of a friendly state which could never serve as a base of attack upon the USSR. Since the USSR intends to attain this objective at a minimum cost to its own scanty resources in the Far East, a corollary of Soviet policy is to combine political subordination with economic self-sufficiency. The most striking feature of the Soviet regime in Korea as elsewhere is the stern repression of all opposition. Unlike the US Military Government in South Korea, the Soviet authorities in the North have not tried to be arbiters between contending factions. Immediately after taking over control of the region from the Japanese, the Soviets set up a system of "interim people's committees" to liquidate the remnants of Japanese rule. Although these committees were selected by the Soviets, they are composed entirely of Koreans. These interim committees have now been replaced by permanent committees as a result of the elections of 3 November. The USSR has thus given the Koreans a semblance of autonomy and avoided the responsibilities of direct administration. The hierarchy of local and provincial people's committees culminates in a central committee, under the leadership of Kim Il Sawng, who has been publicized by the Soviets as a hero of the resistance to Japan and a leader of the people in the model of Stalin. This regime depends for popular support upon a single-party system. After eliminating all opposition, the Soviets proceeded to consolidate the parties favorable to their government in a monopolistic organization known as the North Korean Labor Party. The head of this Labor Party, Kim Doo Bong, constitutes together with Kim Il Sawng a sort of Korean duumvirate under the supervision of the USSR.

Soviet Economic Measures. The economy of North Korea has also been reorganized on the principles of regimentation and indirect control. In approximately one-third of the total population of Korea and 35% of total food production, the Soviet Zone is agriculturally self-sustaining. Korean mining, electric power, and heavy industry are, moreover, concentrated north of the 38th parallel. After inspecting 60% of industrial areas of the Soviet Zone, Ambassador Pauley concluded that only minor items of equipment had been removed from North Korea.

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It seems therefore that the USSR intends to preserve the industrial potential and build up the economic self-sufficiency of its zone.

Soviet propaganda stresses the economic progress of North Korea in contrast to the stagnant condition of the US Zone, and revolutionary changes have in fact taken place under Soviet rule. Korean and Japanese landowners have been liquidated as a class, and the traditional system of land tenure, which the Japanese exploited, has been abolished. The Soviets boast that one million hectares (2,471,000 acres) of land have been distributed free of charge to the tenants. Banking, communications, and transportation, as well as heavy industry, are all controlled by the people's committees. In other words, all enterprises susceptible of immediate socialization have been taken over by the state. Private enterprise survives only among small producers, such as artisans and farmers. The Soviets also claim to have instituted the eight-hour day for Korean workmen together with social insurance, and a guaranteed minimum wage. Child labor has been prohibited, and equal rights, both political and economic, have been given to women.

Korean Reactions to the Soviet Program

There is no doubt of the propaganda value of the Soviet program, especially in the US Zone. Almost all Koreans are leftists by current US standards, and not even the conservative parties can be considered defenders of traditional capitalism. The socialization of basic industries and the redistribution of land figure in the political platforms of every party in South Korea. Soviet policies might therefore be expected to have great popular appeal in Korea. Despite a lack of evidence, there are indications, however, that the Soviet program has not won the support of the people. Communism and Soviet ascendancy are in fact the main issues between the parties of the left and the right in South Korea, where freedom of expression prevails in spite of occasional and temporary restrictions on the press. The leftist parties in South Korea are in general sympathetic, while the rightist parties are opposed to the Soviet regime. The Koreans of the US Zone have thus a clear choice between the opponents and the supporters of the USSR. It is therefore significant that every election held in the US Zone has given the rightist parties a large majority. These results can be explained only by a strong aversion to Soviet Communism among Koreans south of the 38th parallel. The popular decision, however, is not taken in full knowledge of conditions in the Soviet Zone, and may be the product of prejudice rather than of judgment.

The attitude of Koreans in the Soviet Zone is the only sure indication of the success of Soviet policy. But, aside from Soviet propaganda, almost no information is available on the state of public opinion north of the boundary. Occasional rumors of resistance, such

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as the report of riots in Pyongyang last June, reach the US Zone. Both Ambassador Pauley and Minister Bunce have remarked on the friendliness of the North Koreans toward Americans and their apparent hostility toward the Soviets. The Soviet forces in North Korea are living off the country and antagonizing the people. According to Minister Bunce, the Soviet authorities consider the Red Army a political liability in Korea and would gladly be rid of it. The alleged unpopularity of the Soviet regime, however, cannot be entirely ascribed to the misconduct of its troops. Excessive regimentation may also have produced a certain antagonism among the Koreans. For example, the single-party system of politics is duplicated in the organization of labor. Union membership is compulsory in North Korea, and every union is incorporated in the All Korea Labor Union under the direction of the Communist Party. Although the eight-hour day has been guaranteed by law in the Soviet Zone, union members were recently required to contribute an extra hour of work each day to build up a fund for South Korean strikers.

Discontent probably exists in North Korea, as in other areas of Soviet control. At present, however, the Soviet regime north of the 38th parallel appears more firmly established than ever. The Moscow press has boasted that, in the elections of 3 November establishing permanent people's committees, 99.6% of the registered voters went to the polls in a great demonstration of loyalty to the existing government. In accordance with Soviet practice, the voters were not given the embarrassment of a choice, since all candidates figured on a single slate. The Soviets regard the results as a popular mandate to carry on their present system of government in North Korea.

Situation in South Korea

General. While Soviet discipline reigns north of the 38th parallel, South Korea is in a state of unrest. Factionalism and party strife have recently culminated in a series of strikes and riots threatening the security of the Military Government and calling for armed intervention by US troops. The strike of railroad workers and printers at the end of September led to an outbreak of violence centering in the southeastern provinces of Kyongsang Pukto and Kyongsang Namdo. According to official estimates, approximately 40 policemen and 40 rioters were killed in street fighting in the Taegu and Pusan areas at the beginning of October. Property losses totalled millions of yen, while arrests numbered 3,782. US troops were occasionally forced to fire into the mobs during the course of these disturbances. Quiet was temporarily restored toward the middle of October, as the strikers gradually returned to work. A recrudescence of unrest set in, however, toward the end of the month, while the scene shifted from the southeast to the southwest and to the area about Seoul. An uprising in the capital, scheduled for 22 October, was prevented by timely action on the part of the Military Government. The end of these disorders is not yet

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in sight, and reports continue to come in of attempted assassination and sabotage. General Hodge has publicly accused the Communists of fomenting insurrection against the Military Government in order to break up the unification of the right and the left and block the establishment of a provisional legislature in South Korea. Soviet propaganda implicitly agrees with this interpretation by ascribing the agitation to popular discontent with the "attempts of the American administration to manufacture an 'independent government' of southern Korea with reactionary elements."

Economic Situation. The basic cause of the current disorders in South Korea is perhaps less political than economic. Like other occupied areas, the US Zone in Korea suffers from scarcity and inflation. Communist leadership has only exploited the discontent aroused by want. The food situation in South Korea has been critical ever since last June when floods spoiled the summer grain crop. The free market in grain which the Military Government maintained last winter permitted a wasteful distribution of existing reserves of rice. Food controls were put into effect last March, too late to prevent a shortage. Having once been allowed to profiteer on the black market, the farmers have resisted the forced collection of grain at fixed prices. Only 36% of the barley crop, which is the principal summer grain, had been collected by the government at the beginning of September. The fall harvest of rice, which was expected to relieve the acute food shortage in South Korea, is also coming in very slowly. Less than 1% of the collection quota was met in October as against an anticipated 5%, and collections were still well behind schedule on 15 December.

The breakdown of transportation because of strikes, floods, and wartime deterioration, has further complicated the distribution of available supplies in South Korea. Grain shipments from the US during August and September were 25% short of minimum requirements. Under these conditions the price of black market rice has soared beyond the reach of the average consumer. As a palliative measure, the Military Government has tolerated a limited free movement of rice, in spite of previous announcements that controls would be rigidly enforced. While complaining of inflation, the Korean population is generally opposed to government collection and distribution of rice. The Korean police undertook to search incoming trains during September in order to seize black market rice. This procedure provoked a storm of protest, and was soon abandoned. Because it respects free speech, the US Military Government in Korea must take public opinion into account in all its policies, whatever the cost to efficiency.

Korean resistance to the US occupation has been encouraged by the leniency of US policy. Economic discontent has been converted into political unrest by the opponents of the Military Government in South Korea who calculated on the toleration of the US authorities. The

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current uprisings are not so much the product of popular grievances as of uncertainty. The US has not imposed upon the Koreans the kind of government to which they had become accustomed under the Japanese. By attempting to hold the balance between rival factions, the Military Government has confused the public as to its intentions, and impartiality has been interpreted as irresolution.

Political Situation. The US intends to educate the Koreans, not to indoctrinate them. The Military Government has accordingly permitted the Koreans to criticize its program at every stage of development, and to campaign incessantly for a prompt termination of the occupation. There is no doubt but that the majority of Koreans desire the immediate withdrawal of both US and Soviet troops. Foreign control is unpopular in both the US and the Soviet Zones. The moderates of both right and left in South Korea will nevertheless support the US Military Government as the alternative to Soviet domination. General Hodge has endeavored to enlist the cooperation of these moderates in forming a coalition of parties and in establishing a provisional legislature in the US Zone. South Korea would thus gain a measure of self-government pending the execution of the Moscow Decision. The majority is prepared to support the US interim program, which has now advanced to the point of realization. The unification of the right and the left was announced early in October, and elections have been held to the provisional legislature which was convoked during December.

Soviet Program for South Korea.

The interim US policy for Korea has provoked the desperate resistance of the Communists and the sarcastic reflections of Soviet propaganda. The unification of the right and the left was not achieved until after the Communist party had been split, and its most violent leaders driven underground. The USSR is clearly opposed to the establishment of a democratic government in South Korea under the aegis of the US. In this opposition it can count on the allegiance of the Communists under Pak Heun Yung. After denouncing the provisional legislature as a separatist government in South Korea, and as a revival of the advisory council of the Japanese, the Communists have apparently embarked on a campaign of terrorism against the occupation.

According to General Hodge's informants, the Communists in the US Zone are planning a general revolt for this winter in concert with the Soviets in North Korea. There is no immediate evidence of Soviet complicity, except the parallel efforts of Soviet propaganda to stir up unrest against the US occupation. Soviet intervention through the agency of the Korean Communist Party may nevertheless be assumed and can be expected to increase if the current disorders lead to a general insurrection. After returning from a recent visit to the

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Soviet Zone, a prominent leftist leader in South Korea declared that 10,000 Soviet agents have infiltrated across the border during the past few months. Reliable reports indicate that a large Korean armed force, possibly numbering as many as 300,000 to 400,000 men, is being organized in the Soviet Zone. In case a revolt should break out which US troops could not subdue, the Soviets might intervene indirectly in South Korea by means of these Korean irregulars.

General Hodge has issued warnings of an impending invasion of the US Zone by Soviet-trained Koreans, and has accordingly requested that the US forces be brought up to T/O strength without delay. This invasion would probably take the form of mass infiltration, rather than of a regular military expedition. The Soviet army in North Korea, estimated at approximately 150,000, will presumably not cross the border, unless US troops should withdraw entirely from the peninsula.

Future Soviet Objectives and Probable Developments

The USSR has a twofold policy for Korea, which applies to both the US and the Soviet Zones. Soviet policy in North Korea is directed at the establishment of a Communist-controlled regime oriented toward complete collaboration with the USSR. The recent election of a permanent people's committee in the Soviet Zone represents the achievement of this immediate objective. The long-range objective of the USSR is to integrate the entire peninsula in the Soviet system of Far Eastern defenses. Since the US occupation constitutes the chief obstacle to the accomplishment of this purpose, Soviet propaganda and Communist agitation have been directed toward driving the US out of Korea. The attack on the Military Government in South Korea, which has been pressed continuously since the beginning of the occupation, has become intensified with the consolidation of Soviet authority in North Korea and the development of an interim US policy for the South.

Joint Commission negotiations for the execution of the Moscow Decision are still deadlocked, while the Communists strive to prevent by violence the establishment of an interim government in the US Zone. Diplomacy by the USSR has apparently given way to direct action by the Communist Party in South Korea, although the possibility always remains that the USSR will resort to compromise if radical methods fail. The first Soviet overtures to reconvene the Joint Commission coincided with the success of the unification movement of the right and the left in South Korea and the declaration of the coalition committee in favor of an interim legislature. The prospect of agreement faded rapidly as the US determination to pursue the democratic reorganization of South Korea became apparent. In the end the USSR rejected the formula which the Soviet Political Adviser in North Korea had worked out together with Minister Buncie as a basis for reconvening the Joint Commission.

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There is therefore little prospect that the Moscow Decision may be carried out in the near future. Meanwhile, although the USSR gained the initial advantage by immediate sovietization of its zone, certain long-term advantages are on the side of the US. The large majority of Koreans in both zones are fervently opposed to domination by the USSR or any other power. Therefore, a stable democratic government in South Korea, which contains two-thirds of the population, would have the advantage over the Soviet-dominated regime in North Korea in the event of simultaneous withdrawal of US and Soviet troops. The influence of the leftists in the US Zone derives more from skillful maneuvering and the desire of Military Government to appear impartial, than from popular support. As the administration passes into the hands of native Koreans, therefore, the leftists will presumably lose ground provided US forces can maintain order. Developments in the immediate future, therefore, depend upon the maintenance of order in South Korea and the successful establishment of a provisional South Korean government. If substantial progress is made in this direction, the USSR may decide to make concessions in an effort to reconvene the Joint Commission and carry out the Moscow Decision before a democratic regime in South Korea gains a firm foothold.

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