

Secret

From : 301200/I Jan 48
To : 061200/I Feb 48

Headquarters, USAFIK
Seoul, Korea
66 February 1948

No. 125

Maps: KOREA, 1/250,000
East ASIA, 1/1,000,000

I. ARMED FORCES

a. Strength (Secret)

No change.

Constabulary

Corrected figure for Constabulary: 20,220

b. Operational Activity

Border Incidents (Confidential)

Activity along the 38th parallel during the period consisted of two reported cases of border violation by the North Korean constabulary. In one incident, two South Koreans were reportedly abducted by North Korean constabulary, and an exchange of fire was reported in the other. No casualties.

Attacks on U.S. Troops

None reported

Illegal Possession of Arms

None reported

Unauthorized Shipping

The Korean Coast Guard investigated two hundred seventy-one vessels in Korean waters during the period, and apprehended one for illegal operations.

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II. CURRENT INTELLIGENCE

a. U.N. Commission Reaches Decision on KOREA (Secret)

It was decided on 06 February that the U.N. Commission would refer the entire matter of Korean independence back to the Little Assembly at LAKE SUCCESS for appropriate action. However, there is sharply divided opinion as to what recommendations will be made in NEW YORK in view of Soviet refusal to participate in the work of the Commission. It is expected that Dr. HOO and the permanent chairman, K.P.S. MENON, will carry back to U.N. Headquarters, one of the following decisions:

- (1) That the U.N. Commission cannot solve the problem of Korean independence, and its activities should be indefinitely suspended.
- (2) That an election be conducted in South KOREA for the purpose of selecting representatives to consult with the U.N. Little Assembly.
- (3) That an election be held in South KOREA to elect representatives to the National Assembly, with the proviso that seats will be held open for North Korean representatives to be elected at a later date.
- (4) That elections be held for the creation of an independent South Korean government.

COMMENT: Should the Little Assembly decide to accept the unlikely recommendation that the Commission cannot solve the dilemma of Korean independence, the only alternative is further debate on the problem and either a compromise solution acceptable to the Soviets, or the referral of the entire matter back to Four Power jurisdiction. The only course acceptable to the Soviets would be a simultaneous withdrawal of both armed forces from KOREA and the stipulation that the Koreans be allowed to work out their own destiny. Seemingly this course of action would not be acceptable to the U.S., even though it might be condoned by certain Koreans since there has been recent sentiment for troop withdrawal. There is little doubt that KOREA represents a highly important milestone in U.N. history.

It is believed that the U.N. will make every effort to hold some sort of an election in KOREA without accepting the responsibility of dividing the country. Just how this maneuver will be accomplished is completely unknown, since an election without North KOREA participation would most certainly establish the 38th parallel as even more of an international boundary.

b. Reactions to KIM Koo's Statement (Confidential)

KIM Koo's surprise journey into unorthodoxy (see W/S #124, par 2a) brought the expected verbal reprisals from his nominal allies; assurances of continued support from genuine standbys; and a cordial reception from the moderates, who hoped the visitor would summon his friends and stay a while. The Korean extreme left, including Radio PYONGYANG, was apparently still agape and said little about the recent actions of the "American puppet," "pro-Jap," "Fascist," "Traitor," etc. The labels were suddenly dated as the breach between the initial aims of KIM Koo and the communists was substantially narrowed.

Response from the betrayed RHEE came early and contained more indignation than outrage. As a believer in democratic precepts, said RHEE, "I cannot force or direct others to hold opinions like mine.... If KIM Koo's opinion is representative of all Koreans I am ready to support him, but I do not believe he reflects the views of the population.... I do not like the Korean people to be confused by changes in the attitude of their leaders."

Rightist displeasure was expressed with less restraint by the COUNTER-MEASURE COUNCIL FOR THE ESTABLISHMENT OF A KOREAN INDEPENDENT GOVERNMENT, a miniature pro-RHEE body dominated by the HANKOOK DEMOCRATIC PARTY. The COUNTER-MEASURE COUNCIL "was astounded" by the "abrupt change" in the attitude of KIM Koo, "whose opinions are the same as those of the Soviet delegates to the U.N.... We regret that we can no longer regard him as a leader of the Korean people and are compelled to consider him a follower of the Soviets.... He has finally disclosed his true character."

The KOREAN INDEPENDENCE PARTY rallied to its leader's defense and accused the HANKOOKS of opposing the unification of KOREA, thereby disclosing their own "sinister" intentions. Continuing, the KIP statement explained the "Chief's" stand: (1) KIM Koo did not intend that the withdrawal of forces be effected until the U.N. Commission had assumed responsibility for keeping the peace. (2) The release of political prisoners is a "proper" demand in that KIM Koo meant that only those persons convicted of "political" activities and not criminal acts be released. (3) The attempts to hold unification conferences between North and South Korean leaders were defeated by the "fraud and slander" of the HANKOOK DEMOCRATIC PARTY and the "insincerity" of the SOUTH KOREA LABOR PARTY. Had these conferences been held then, "under more favorable circumstances," unification would have been facilitated. "KIM Koo's proposal is still sound; we should unite by our own initiative and effort."

KIM Koo himself assumed an air of self-righteousness as he offered explanations of the points he brought out before the U.N. Commission's Sub-committee #2: By a meeting of Korean leaders he meant "clocted" leaders and not leaders of political parties. By release of prisoners he meant the release of purely political prisoners such as CHO Man Sik, who is under house-arrest in North KOREA. As to charges that he had abandoned the nationalist camp, KIM Koo said an explanation was "not necessary." The merits of his stand, KIM stated with certainty, would be seen by the people in their own "conscientious interpretations" of his actions.

Moderate spokesmen were in general agreement with KIM Koo, and paid respects to the "old revolutionary fighter." (The week before, with the majority of moderates, KIM Koo was an "old reactionary.")

COMMENT: KIM Koo conferred with the moderate leader KIM Kyu Sik prior to the former's appearance before the U.N. Sub-committee. During their two-hour conversation, KIM Kyu Sik implied, KIM Koo sought and received advice regarding the major points to be stressed in his consultation with U.N. representatives. KIM Kyu Sik asserted that he was in accord with the primary objectives of KIM Koo, as they were reportedly stated to the Sub-committee, but he felt that KIM Koo had not "thought out" his statement thoroughly before presenting his stand to the U.N. KIM Kyu Sik expressed dissatisfaction with the shortcomings in KIM Koo's statement which later necessitated "explanations" which tended to weaken the validity of his point of view and would not have been required if the statement had originally been presented more firmly, i.e., with some clarified opinion as to how the objectives are to be accomplished. (A-1)

KIM Koo's statement, according to a B-2 report, completely confounded rightists factions. Meetings were held and a committee of fifteen persons were appointed to confer with KIM Koo, who stated that he remained in accord with RHEE. This did not satisfy the Committee, which then asked that KIM Koo issue a statement of "explanation" to the press. KIM Koo did so, but the statement was still unsatisfactory to the Committee. The informant stated that NSAKI decided to await further developments and if KIM Koo continued to indicate support of KIM Kyu Sik, NSAKI will openly denounce him as a traitor.

The HANKOOK DEMOCRATIC PARTY appeared to be engineering the anti-KIM Koo reprisals. But it preferred to discredit KIM Koo through the COUNTER-MEASURE COUNCIL rather than in the name of the HDP.

LEE Yoon Yang, chairman of the COUNTER-MEASURE COUNCIL and head of the CHOSUN DEMOCRATIC PARTY, resigned his chairmanship of the council for "personal reasons." It is believed, however, that his resignation was caused by his disapproval of the council's HANKOOK-instigated public denunciation of KIM Koo. (C-3)

c. Rightists Ready to "Fight" for Independence (Confidential)

A CIC interview with CHOI Kyo Sul (C-4), propaganda chief of the NSAKI (he resigned according to press announcements on 03 February) brought forth the comment that the Korean people expect the U.N. Commission to fail in its attempt to carry out an election throughout KOREA. According to CHOI the Soviet boycott of the Commission is directly responsible, and a civil war is inevitable in order to gain a unified KOREA. CHOI pointed to the existence of a North Korean army which had been trained and equipped by the Soviets for a civil war, while South Koreans had not been able to organize an army because of "U.S. refusal," therefore the people anticipate U.N. approval of a separate South Korean government which will be the government for all KOREA. This government will be able to obtain U.S. arms, ammunition and training for its armed forces and will thus be in a position to defend itself from northern aggression.

CHOI opined that defeating the North Korean army will be no problem after Soviet withdrawal, because there exists an estimated two million potential guerrillas in North KOREA who would fight the communists. Similarly the creation of a South Korean army will be relatively easy since "there are many youths who are anxious to serve their country for independence."

CHOI maintains that two million people in North KOREA will arise whenever the word is given, and that this would take but a week after orders for rioting were taken into North KOREA.

In conclusion CHOI reiterated the rightist viewpoint in that not a single leftist or moderate should gain office in the election or else "BOLSHEVIK control will result."

Elsewhere in the rightist camp, an independent line of reasoning has appeared in the PUSAN branch of the HANKOOK DEMOCRATIC PARTY. That organization states that half of the expenses of the U.N. Commission is being paid by the UNITED STATES and that the Commission follows the dictates of General HODGE. Therefore if Korean independence is not achieved by March 1948, "we shall obtain independence ourselves...when the U.N. Commission fails." (B-2)

The SEOUL headquarters of the HANKOOKS takes a more conservative stand in that it advocates an election in South KOREA alone for the purpose of establishing a government which will be recognized as the government for KOREA. Nevertheless, here again there is a sentiment for haste in holding the election and the stand that there is no need for the Commission to consult the Little Assembly in order to obtain official sanction for a separate election.

COMMENT: The anxiety of the HANKOOKS may be based upon an immediate confidence in victory at the polls if an election is held in the next few months. Since party membership includes many wealthy landowners and the influential police chiefs, CHO and CHANG, current HANKOOK strategy may be based on the belief that the police are available to "control" the voting to insure the election of the "right" candidates. This much is certain, the lines of demarcation in the right wing are clearly drawn for the present. The divergent positions of RHEE and KIM Koo in their consultation with the U.N. Commission (see W/S #124, par 2a), with the latter in general supporting a stand originally of Soviet design, has split the right wing wide open. Already the UNITED YOUNG MEN'S PARTY, which had been closely allied with KIM Koo interests, has announced that it will support RHEE and oppose KIM Koo. This in itself may cause further splits in the UYMP since that organization has always had RHEE, KIM Koo and LEE Chung Chun factions which internally opposed each other. ~~Therefore~~, it is possible that KIM Koo seeks an accord with the NATIONAL INDEPENDENCE FEDERATION.

d. Civil Disturbances (Confidential)

The lowest monthly total of terroristic acts to be reported since July was reported during the month of January, following the all-time high of sixty-three incidents for December. Twenty-five reported acts of terrorism and injuries during the month of January accounted for the deaths of two

people and injuries to sixty-nine. (See F/R #749 par 3c)

Minor civil disturbances reported during the period embraced the entire gamut of Korean politics, with even the allegedly neutral KOREAN NATIONAL YOUTH CORPS becoming involved. One of its members was apprehended by the SAMCHONPO (1100-1320) police for scattering handbills which opposed the U.N. Commission.

A NSAKI YOUTH CORPS band beat a KNYC member and 20 villagers in KUNGSAN-RI (993-1414) on 17 January. The following day the same band invaded KANGSAN-NI (1040-1280) and beat five KNYC members and the wife of another. On the same night the NSAKI terrorists forced four members of the KNYC to renounce their allegiance to the KNYC. Four days later on 22 January, the same terrorists broke into the home of a KNYC member and destroyed it. (C-3)

The DAI DONG YOUTH CORPS indulged in terrorism in POHANG (1230-1460) when 30 of its members raided the homes of various local leftist leaders on 29 January in retaliation for the left wing poster campaign directed against the DAI DONG. (B-3)

The leftists have shown a recent trend to appear in the open with their anti-M.G. and anti-U.N. gestures. In YONGJU (1058-1555), "Red songs" have been openly sung on the streets and in the CHINJU area (1108-1356), fires were started in the hills on the evening of 30 January where communists had gathered for an anti-U.N. demonstration. In CHINAN (1042-1428) the police arrested six SKLP members for speaking against the U.N. Commission. (Police report):

In KYONGJU (1210-1430) on 19 January six more leftists were arrested for scattering handbills which denounced the DAI HAN MO CHUNG, the right wing labor union. Similarly in TAEGU (1157-1439) four members of the DEMOCRATIC PATRIOTIC YOUNG MEN'S ASSOCIATION were arrested on 29 January for spreading handbills which claimed that the U.N. delegates were dominated by the U.S. Generally, the communists are reported to be active once again in the TAEGU area. The secret meeting place for members of the SKLP has been disclosed by a C-3 source, as the TAEGU MOO SOOL DO KWANG Hospital.

The "Cold War" in KOREA, has resulted in South Korean police starting construction of fortifications in the immediate vicinity of the 38th parallel.

At WONJU (1090-1610) police report that the local chapter of the NSAKI YOUTH CORPS has been reorganized into squads, platoons, companies and battalions, and is engaged in military training so as to be able to assist the constabulary in repelling any attack which might be made by the North Korean armed forces.

e. Korean Interim Legislative Assembly (Confidential)

During the 199th through the 202nd sessions of KILA, assemblymen (1) heard a two-hour address by Senator ARRANZ of the PHILIPPINE REPUBLIC and of the U.N. Commission in which the Philippine praised the UNITED STATES for having relieved his countrymen of the Spanish oppression and for having helped to establish a democratic, progressive government; (2) approved the SKIG budget for 1947 amounting to 17,734,085,012 yen; and (5) learned that the 1948 budget would be ready for presentation to KILA during the latter part of March.

COMMENT: The Land Reform Bill appeared on the agenda for each session but was not discussed during the period. Another recess of KILA was in view as a number of members favored a ten-day adjournment over the Korean New Year's day on 11 February.

III. WAR POTENTIAL (Secret)

- a. Surrendered and Disarmed -- No change: 179,276
- b. Progress of Repatriation - This Period To Date
- | | | |
|--|-----|-----------|
| <u>Japanese Civilians Arriving from</u>
N of 38°N KOREA, CHINA and MANGCHURIA | 0 | 288,508 |
| <u>Japanese Evacuated to JAPAN</u> | 0 | 883,629 |
| <u>Total Koreans Returning</u> | 608 | 2,069,712 |
| <u>Total Repatriates Moved Since 15 August 45</u> | | 2,955,881 |
- c. Koreans Returned to KOREA Attempted Illegal Entry to JAPAN 21,916
- d. Economic Review (Secret)

The following information was extracted from a report on the South Korean economic situation by the Economic Advisor to the Commanding General:

General

No apparent progress has been made toward passage of the Land Reform measure during the past fortnight, and it is becoming increasingly clear that the desire of many rightists to postpone any action on the question of land reform may prevent KILIA action on the question. KIM Kyu Sik, KILIA chairman, still hopes for consideration of the measure beginning this week and for the passage of the bill without major modification within two weeks. (This appears unlikely in view of possible KILIA adjournment for the Korean New Year.) Prominent HANKOOK leaders privately believe the present bill which they "approve in principle" would probably be passed if it came to a vote but they feel action should be delayed until the new Korean government is established. Most conservatives also hope to increase the price paid to landlords from the present provision for twenty percent of value of crops for fifteen years, to at least twenty-five percent and possibly thirty-three percent of value of crops for the same period. If the legislature fails to approve disposition of either Korean-owned or former Japanese-owned land, executive decree providing for disposition of vested farm land will be issued.

Retail prices have been generally strong during the past fortnight, in part because of a short term seasonal increase before the lunar new year on 10 February and in part because the heaviest snowfall (fifteen inches in SEOUL) in over thirty years on 23 January has hampered normal movement of goods from rural to urban areas. Bank of Chosun currency issue declined from an all time peak of 33.6 billion yen on 06 January to 31.6 billion yen on 31 January. Slight increase in early February to the present 31.8 billion yen is attributed to traditional pre-lunar new year settlement of accounts, and the note issue is expected to resume seasonal decline after 10 February.

Food

Collection of the 1947 rice crop was successfully concluded, with the purchase of approximately 750,000 metric tons of polished rice, or the equivalent. An additional 23,000 metric tons of best grade rice was collected for seed in 1948 as part of the national program to improve yields. This collection of thirty-nine percent of the rice crop from two million farmers was completed within the scheduled three months period. All Southern KOREA met the collection quota except CHOLLA NAMDO, which attained slightly over eighty percent. Recent investigation by American officials of the situation in six of the heaviest rice producing counties

in CHOLLA NAMDO indicated quotas there were probably set too high, since insect damage to crops was heavy and the post war slump in production in this area, which under the Japanese had been one of the most heavily fertilized in KOREA, was proportionately greater than elsewhere. Decline in fertilization is accounted for by the acute shortage of commercial fertilizers, which were entirely lacking in 1946 and available in only one-third of amounts required in 1947. Although over 5,000 farmers were placed under temporary arrest for failure to deliver full quotas, all but about 100 were ordered released. Arrests apparently did not improve collections but did arouse criticism in KILLA. The legislature, already sensitive on the subject of the collection program because of the insistence of the Executive Branch on absolute prohibition of all transport of cereals outside government channels during the collection program, refused a Civil Administrator's request that rice collection officials be given official commendation for a job well done.

First substantial imports of sugar into South KOREA since the end of the war arrived in January. Most of the 17,000 metric tons of raw sugar arriving will be rationed in February, with consumers having an option to purchase one pound of sugar per person in lieu of equivalent weight of cereals. Price for sugar has been set at thirty yen per pound, as compared to the current open market price of over 450 yen.

Railroads

To discourage travel rail passenger rates were increased effective 01 February by twenty-five percent on first and second class fares and by fifty percent on third class. Compared with 1937 the new rates are 125 times higher for first class, 90 times higher for second class and 96 times higher for third class. Rail freight rates increased at the same time from 100 percent rise on short hauls to more than 600 percent on long hauls. Increases on less-than-carload lots is generally less than on carload lots. Differential increases were designed to divert longer hauls to marine traffic wherever possible and to readjust former Japanese base rates which were extremely favorable to long hauls. Freight rates have lagged behind passenger charges and will now average about eighty times 1937, in line with rice price formula. Estimates by the Transportation Department indicate the increase in monthly railway revenues should average about 142,000,000 yen, of which sixty percent would be attributable to the increase in passenger fares. Most of the increase will be absorbed by the contemplated increase in charge to railroads for imported Japanese bituminous coal which is currently supplied at a nominal charge of 800 yen per ton. During the first nine months of the current fiscal year (01 April - 31 December 1947) railroad freight and passenger traffic, as well as revenues, were substantially higher than during the previous fiscal year. For this period an average of about 450,000 metric tons of freight was handled monthly, as compared to an average last fiscal year of 256,000 metric tons, while the number of paying passengers averaged about six million per month, about fifty percent above the previous year. For the nine month period railroad expenditures of about 2.8 billion yen were balanced by approximately equivalent income.

Miscellaneous Collection Programs

Current government collections of agricultural commodities other than rice are, in general, proceeding satisfactorily, with the exception of seed cotton. Current collection of straw bales, urgently needed for cereals, salt, and fertilizers, has reached the half way mark of a goal of twenty-four million bales, and the program is expected to reach successful conclusion in April. Success of this current program, which already has resulted in collection of almost twice as many bales as last year, is attributed mainly to an increased efficiency of the Korean Agricultural Association and other agricultural agencies (which collect bales produced by individual farmers from their rice straw) and to the favorable price offered farmers (sixty yen per bale as compared to nineteen yen last year). The Monopoly Bureau has

IV. PSYCHOLOGICALa. The Press (Confidential)

The editor of extreme rightist DAE HAN ILBO (Great Korean Daily) "Dirty-coat" LEE (LEE Chong Hyawng) (see W/S #123, par 4a) vigorously defended KIM Koo by denouncing the latter's antagonists as avaricious traitors who attacked the supreme patriot, KIM Koo, because it seems he has jeopardized their chances for gaining certain advantages in the future government of KOREA. The evil allegations of the HANKOOKS are completely false, and KIM Koo's loyalty to the nationalists is unshakable, LEE asserted.

Editorials in the moderate and leftist press continued to show concern as to how the unification of KOREA could be accomplished. Moderate editors were of the opinion that in view of the failure of the US-USSR Joint Commission and the obstacles confronting the U.N. Commission, a major concession on the part of the Soviets offers the only means of unifying the country.

Leftist DOK LIB SINBO (Independence News) stated that if the people of KOREA continue to demonstrate their demands for a single government in a unified KOREA, the U.N. Commission will find a way to cope with the "shameless reactionary groups" who are advocating the division of the country.

The moderate press also expressed its regret in the assassination of Mohandas K. GHANDI, "the symbol not only of the independence of INDIA but of harmony between two worlds.... In the death of GHANDI we feel as if we have lost our own symbol of unification...."

V. SCIENTIFIC

Negative

VI. TOPOGRAPHIC

Negative

VII. SUBVERSIVEa. Sabotage (Confidential)

CIC reports two cases of suspected sabotage during the period. The telephone wire which connects outpost #5 and a unit CP were cut, and the severed ends tied together to prevent detection; fourteen wells in the ONGJIN district were reported to have been saturated with an oily substance.

b. Espionage

Four agents from North KOREA were apprehended during the period. Upon interrogation, it was revealed that the assigned missions were to gather information concerning the South Korean constabulary, the arrival of the United Nations Temporary Commission, the South Korean police, and to learn whether or not South Korean authorities are allowing General LEE Chung Chun to arm members of his right-wing UNITED YOUNG MEN'S Party