

PART I
SOUTH KOREA

From: 171200/I Sept 48
To : 241200/I Sept 48

Headquarters, USAFIK
24 September 1948

Secret

No. 158

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

A. ARMED FORCES

1. Strength (Secret)

Police: No Change
Constabulary: 51,524 (including 1,026 cadets and 603 unsworn recruits).
Coast Guard: 3,013 (including 259 cadets)

2. Operational Activity (Confidential)

Border Incidents

At 181800 September 10 North Korean Constabularymen kidnapped a South Korean farmer near MANCHON-NI (825-1698). The farmer was taken to North Korea, questioned about the ONGJIN police and released at 182000 September. This incident was the forerunner of others. At 212500 September 40 North Korean Constabularymen violated the parallel and fired on MANCHON-NI and at 230400 September 100 North Korean Constabularymen assembled north of the parallel and engaged in a fire fight with South Korean police until 231100 September. One North Korean Constabularyman was reported killed. (Police report)

At 201730 September a US observation patrol was fired on near (968.2-1694.8). Two North Korean Constabularymen immediately ran away from (968.7-1697.5). As the patrol withdrew 2 more long range rounds were heard to pass overhead. There were no casualties. (B-2)

At 211520 September 1 NKC located at (939.1-1696.8) fired 1 round at a US patrol in position at (938.5-1696.5). There were no casualties. (B-2)

The Soviet commander in North Korea alleged, in a letter to the Commanding General, that a Soviet soldier was killed by South Korean police on 25 August. Investigation discloses that a South Korean policeman had been ambushed on that day by an unidentified person. The ambusher missed his target, and the policeman returned the fire in self-defense as he withdrew. It was not determined whether the person in ambush was hit. (C-3)

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Border Incidents	04-11 June	11-18 June	18-25 June	25 June - 02 July	02-09 July	09-16 July	16-23 July	23-30 July	30 July - 06 August	06-13 August	13-20 August	20-27 August	27 August - 03 September	03-10 Sept	10-17 Sept	17-24 Sept	TOTAL
Korean vs Korean	4	6	4	6		2	3		3	2	3	2	4	3	1	2	45
Firing on US Personnel		1	2			1	2	1		1	1			1	1	2	13
Ambushes of US Personnel							1										1
Soviet Violations of Parallel*						1								1			2
Korean Violations of Parallel*	2	1		1				1		1						1	7
Soviets vs Koreans	1											1	1				3
TOTAL	7	8	6	7		4	6	2	3	4	4	3	5	5	2	5	71

* No firing involved

B. CURRENT INTELLIGENCE1. National Assembly

Deliberations in the National Assembly during the period centered primarily upon the proposed Grain Purchasing Program, which was received by the Assembly last week (W/S 157, page 5). Drawn-out debate permitted many Assemblymen to voice opposition to a procedure which is traditionally unpopular in Korea. However, having rendered the anticipated lip-service in opposition to the proposed program, thereby furnishing Korea's predominantly rural constituency with proof of efforts waged on its behalf, the opponents of the program are expected to defer to the logical arguments advanced by its supporters, who ardently and astutely defended its provisions. No decisions were reached, however. Meanwhile, it has been estimated that as much as 10% of the crop in the southern provinces is no longer available for collection.

Following intense debate (Part I, D) the Assembly approved the U.S.-Korean Property and Financial agreement on 18 September by a vote of 78 to 28 (see W/S #157, page 6).

On 22 September MIN Hi Sik, Minister of Transportation, complied with the Assembly's request that he appear in the chamber to offer an explanation of the railroad accident which took 52 American lives (W/S #154, page 12). MIN made profuse apologies and blamed the engineers of both trains, the station master, and other railroad employees, apparently in an effort to divert responsibility which might fall primarily on him. The Assembly heard the remarks of Minister MIN without enthusiasm.

On 23 September there was no discussion of the planned Grain Purchasing Program. Instead the Assembly discussed (1) the resignation tendered by Foreign Minister CHANG Taik Sang (not accepted by RHEE and denied by CHANG), (2) Home Minister YUN Tchi Yung's new police chiefs (all were said to be liable to prosecution under the National Traitor Law), and (3) the proposed expulsion of Assemblyman LEE Moon Won, who published a protest to the Property and Financial agreement (see Para I, D) after the agreement was accepted by the Assembly. The Assembly's attitude was that it was not permissible for protests to continue after a decision had been reached. LEE's case was referred to the Punishment Committee.

2. RHEE's Statement On Soviet Withdrawal Plans

On 20 September President RHEE Syng Man made the following statement on the planned withdrawal of Soviet forces from North Korea (see Part II, B, 1.).

"If the report that the Soviet forces have decided to withdraw from North Korea by the end of this year is true, I believe they are trying to do the right thing, not only for the interests of Korea and other powers involved, but they should have done it sooner for their own interests as well. I know that the United States Army will not stay one day more than is necessary. The Soviet forces remain in order to make the Communist regime safe and secure in North Korea. I believe they have achieved their objective. However, they should not have entertained any fear on that account, for no armed force in the south, either Korean or foreign, ever intended to disturb the peace of the North. It is our intention as it has been always, to solve the problem peacefully by ourselves; it is highly advisable for the Soviets to keep their hands off and allow the Korean people to settle this question free from any foreign interference.

"I hope that the United States will not play into the Soviet game by making any agreement without consulting us. Although Korea and the United States have no written agreement for mutual defense, yet we have been working in unison in a mutual interest of security of both nations and also for the maintenance of democratic institutions. The Koreans have been struggling under heavy odds to remain loyal to this principle, and I hope the United States will do the same."

On the following day the U.S. Department of State announced its views (see Part II, B, 16).

3. Philippine Mission to Korea

It is understood that the Philippine Government is planning to dispatch next month a good-will mission to Korea headed by Senator Melecio ARRANZ, former Philippine representative on the United Nations Temporary Commission on Korea.

COMMENT: This is a further indication of the efforts being made by the Korean and Philippine Governments to strengthen ties between their two republics (see W/S 154, page 4).

4. New Rightist Newspaper

The first issue of the KOOK MIN SHIN MUN (National News), a right-wing newspaper, appeared on 20 September. HAN KUN JO, formerly Assistant Director of the Department of Justice (SKIG) and an official in the South Korea branch of the conservative CHOSUN DEMOCRATIC PARTY (once headed by North Korean CHO Han Sik) is the President of the newspaper. The Chief Editor is MOON Bong Jai, who was the head of the NORTHWEST YOUNG MEN'S ASSOCIATION and is now a leading figure in RHEE's NATIONAL SOCIETY FOR THE ACCELERATION OF KOREAN INDEPENDENCE.

President RHEE extended congratulations on the occasion of the appearance of the first edition. He stated that newspapers have two primary purposes: (1) "advancement of ideologies" and (2) "Supply of news to the people." The latter purpose, said RHEE, "contributes more to the society in the development of democratic politics."

RHEE, who published KOREA's first daily (1895), added that it was "heartening to know that many newspapers were published since the liberation. However, some of them published partial and slanderous reports and observations, practices which reduce the authority of the press and impede the development of society."

COMMENT: Almost simultaneous with the first issue of this paper, 3 others were undergoing investigation for publishing "partial and slanderous reports and observations." (See para 4 below)

5. Leftist Newspapers Raided by the Police

Between 11-15 September 1948, the police raided the offices of the CHOSUN CHOONG ANG ILBO (Korean Central Daily), CHE IL SHINKUN (First News), and the SEI KEI ILBO (World News), leftist newspapers, and arrested approximately 60 persons. Reasons given for this action were that these newspapers had been attacking the South Korean government and the constitution and were guilty of subversive activities in connection with the SOUTH KOREA LABOR PARTY. Those arrested are being held by the prosecutor and will be charged with violation of Ordinance #19 and other applicable laws.

COMMENT: In attempts to avoid prosecution for communist activities it has been a common practice among the communist papers to keep the editorial columns free from communist material, while freely publishing, as news, statements issued by communist organizations. Such statements are often exploited by Radio PYONGYANG. Apparently the Republic of Korea has become impatient with the practice. It should be noted that only some 60 arrests were made; the papers were not closed because, according to the Minister of Home Affairs, that would be suppressing free speech, and Korea is a democratic country.

6. Civil Unrest

a. Communist Activity

(1) During this period, the SOUTH KOREA LABOR PARTY disseminated directives to all levels to prepare for active opposition to the autumn grain collection. Party followers are to prepare anti-grain collection handbills and posters and deliver speeches against this government operation.

(2) Throughout South KOREA an intensified handbill and poster campaign expounding the current "party line" has been in effect during the past two weeks.

(3) The following reports concerning dates for communist riots and disturbances have been received during the reporting period; these are in addition to those reported previously (W/S #157, page 7)

- (a) "Leftists on KOJE DO (1150-1320) reportedly have organized fighting groups throughout the island and are prepared to begin uprisings in October upon receipt of instructions." (C-3)
- (b) "The NORTH KOREA LABOR PARTY and the SOUTH KOREA LABOR PARTY are planning riots and disturbances during the middle and latter part of October, which is the fall harvest season." (C-3)
- (c) "The North Korean communists are planning to incite the South Korean communists to rebel on the anniversary of the Soviet October Revolution." (C-3)
- (d) "The SOUTH KOREA LABOR PARTY is recruiting new members in connection with their plans to create riots and disturbances during the sessions of the United Nations General Assembly." (D-3)
- (e) "Simultaneously with the boycotting of the United Nations by the Soviets, the SOUTH KOREA LABOR PARTY will begin riots and disturbances aimed at fomenting a civil war." (C-3)
- (f) "The SOUTH KOREA LABOR PARTY issued orders that no action was to take place, terrorism or distribution of handbills, until special orders are issued in accordance with the results of the United Nations meetings." (C-3)
- (g) "Preparations for uprisings in South KOREA will have been completed by the end of September 1948. Disturbances will be directed by the SOUTH KOREA LABOR PARTY sometime in November 1948." (C-3)

(h) "The time to revolt for unified independence is definitely 1948." (C-3)

b. Peoples Guerrilla Forces on CHEJU DO

According to information received from a fairly reliable source, the present guerrilla forces (Peoples Army) on CHEJU DO have divided the island into four districts. Each district controls from two to four myuns. In each myun there is one or two designated bases of operations at which the myun unit is located or at which it is possible to concentrate the myun units of the entire district. The four military districts are under the command of KIM Tal Sam, supreme commander of the guerrilla forces during the anti-election uprisings. The strength of active armed guerrilla forces is estimated to be 184, with approximately four times as many unarmed persons connected with the raiders in such capacities as supply, records, liaison, intelligence and political personnel.

COMMENT: Since many mainland police reserves have been withdrawn from CHEJU DO during the past two weeks, it may be assumed that the guerrillas intend to take full advantage of the decrease in police strength in the event of a "go ahead" signal to create riots and disturbances.

c. Communist Violence

(1) Weekly Violence Summary

A summary of acts of violence involving communists for the week as reported up to 24 September follows:

	SEOUL	KYONGGI-DO	KANGWON-DO	CHUNGCHONG NARADO	CHUNGCHONG PUKTO	CHOLLA NAMDO	CHOLLA PUKTO	KYONGSANG NAMDO	KYONGSANG PUKTO	CHEJU DO	TOTAL
Attacks on towns											
Attacks on police											
Police Killed											
Rightists killed											
Communists killed											
Demonstrations, disorders, arson & attacks on rightists					1						1
Attacks on government buildings											
Sabotage:											
Communications											
Railroad Lines											
Roads											
Bridges											
Power											
Strikes: Labor											
Schools											

- (2) Delayed reports covering last week - Negative
- (3) 1948 Communist Activities in South Korea

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP*	TOTAL
Attacks on towns				5	73	9	1			88
Attacks on police		130	118	50	86	12	11	11	3	421
Police killed		33	20	15	34	4	1	5	1	113
Rightists killed	1	14	14	81	144	51	10	1	1	317
Communists killed	1	74	75	70	155	83	33	22	1	514
Demonstrations, disorders, arson, attacks on rightists offices and homes	6	118	69	126	196	81	24	12	1	633
Attacks on government buildings		9	14	2	9	3				37
Sabotage:										
Communications	14	53	58	32	57	8	1			223
Railroad Lines	1	12	6		8		1			28
Locomotives		50			24					74
Roads		13	5	2	5			1		26
Bridges		6	2	5	4					24
Power					7	1				8
Strikes: Labor		14	6	3	16	1				40
School		7	5	4	9					25

*Incomplete

d. Other Violence

- (1) No rightist-inspired acts of violence were reported during the period.
- (2) A summary of acts of violence on the part of persons of unknown political affiliations as reported up to 24 September 1948 is as follows:

	Seoul	Kyonggi Do	Kangwon Do	Chungchong Nampo	Chungchong Pukto	Cholla Cholla Nampo	Cholla Pukto	Kyongsang Nampo	Kyongsang Pukto	Cheju Do	TOTAL
Assassination	1										1
Anti-grain Collection											
Political Terrorism											
Demonstration											
Resistance to Arrest											
Unclassified											
Attacks on police	1				1						2
Arson											
Attacks on individuals											
Sabotage:											
Communications											
Railroad lines											
Power											
Bridges											
Strikes: Labor											
School											

(3) Delayed Reports Covering Last Week

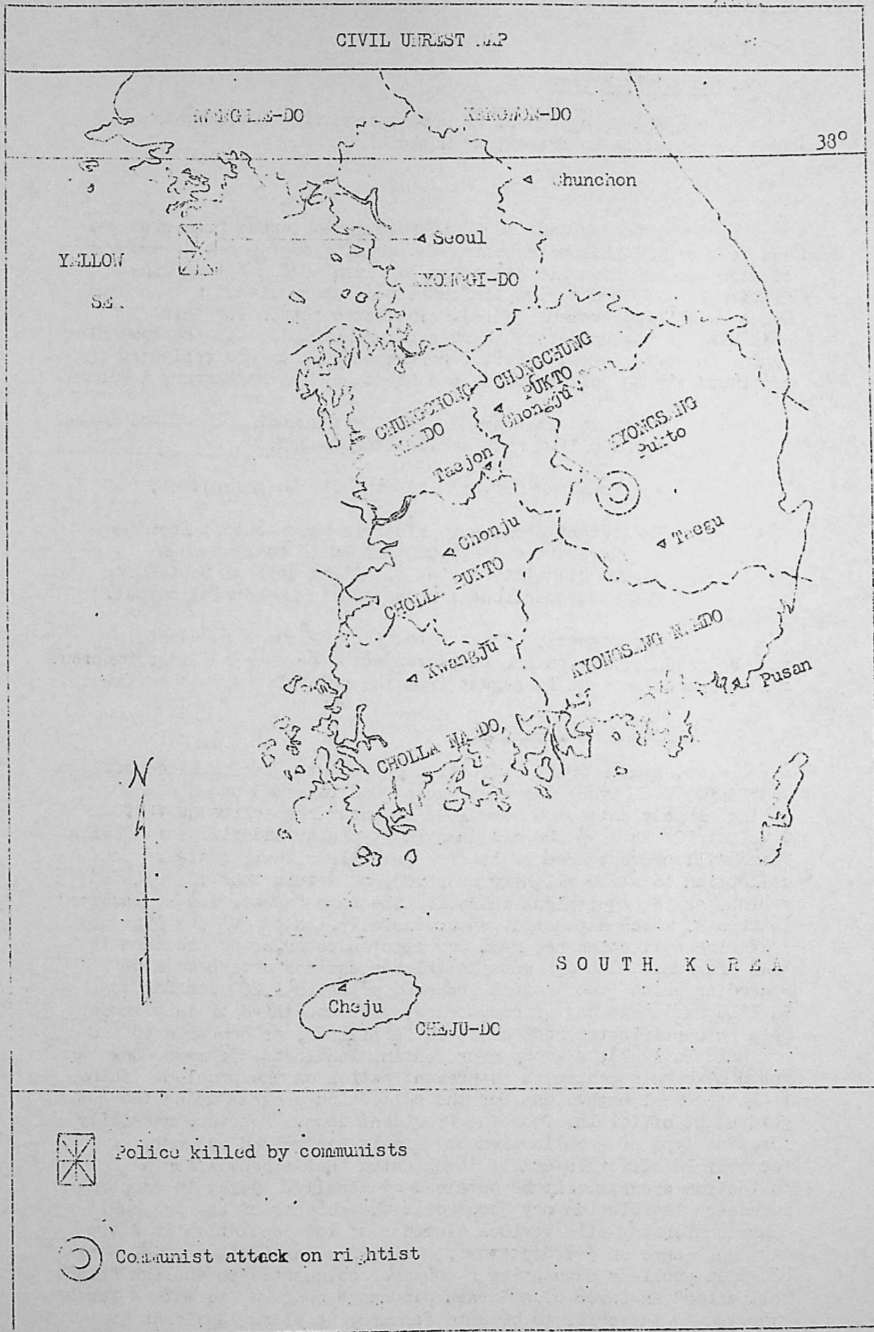
Delayed reports of incidents involving other than communists which occurred during the week ending 17 September but which were not carried in last week's Summary are:

	Seoul	Kyonggi Do	Kangwon Do	Chungchong Mando	Chungchong Pukto	Cholla Mando	Kyongsang Mando	Kyongsang Pukto	Cheju Do	TOTAL
Assassinations										
Anti-grain collection										
Political Terrorism										
Demonstrations						1	1			2
Resistance to Arrest										
Arson										
Unclassified										
Attacks on Police										
Attacks on Individuals										
Sabotage: Communications										
Railroad lines										
Power										
Bridges										
Strikes: Labor										
School										

(4) Monthly summary of acts of violence on the part of persons of unknown political affiliations:

	JULY	AUGUST	SEPT*	TOTAL
Assassinations	7		3	10
Anti-grain collection	9	1		10
Political Terrorism	1	1		2
Demonstrations	15	9	3	27
Resistance to Arrest	5	9		14
Arson	2	3		5
Unclassified	11	11		22
Attacks on Police		1	2	3
Attacks on individuals		4	1	5
Sabotage: Communications		1	4	5
Railroad lines			3	3
Power				
Bridges				
Strikes: Labor				
School		1		1

* Incomplete



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C. WAR POTENTIAL1. Economya. Economic Review

The following report of recent economic developments was prepared by the State Department Economic Mission:

General:

Pessimism appears to be increasing in Korean financial and industrial circles regarding the ability of the new government to stabilize the economic situation, or even to control the inflationary pressure to the limited extent accomplished by the South Korea Interim Government (SKIG). The basic reason for this pessimism is the apprehension over future trouble with the communist regime in North Korea. Short term reasons, which are reflected in continued rising prices during the first half of September, include:

1. Continued government delay in announcing the final plans for the 1948 rice collection program;
2. The mounting deficit spending of the government; and
3. The recent decline in electric power output from the August average of 75,000 kilowatts to less than 65,000 kilowatts during the first half of September, with a proportionate reduction in industrial output.

Brighter aspects of the situation include a successful summer grain collection program, prospects for a bumper 1948 rice crop, and increased revenue in August from the sale of civilian supplies.

Food and Agriculture:

The summer grain collection program is nearing successful conclusion with every province except Cholla Namdo and Cheju Do having already collected over 100% of their respective quotas. Civil strife in Cheju Do and damaging typhoons and floods in Cholla Namdo will prevent those areas from fulfilling their quotas. The collection totalled slightly over 100,000 metric tons of polished grains, or the equivalent thereof. The same forces, led by landlord interests, which attempted, unsuccessfully, to cancel the 1946 and 1947 rice collection programs are also endeavoring to sabotage the 1948 program. Although substantial concessions have been made regarding price (the present proposed price is 1,200 won for a 54 kilogram straw bag of rough rice, with one-third of this amount paid in certificates redeemable in fertilizer, as compared to 640 won paid in 1947); a lobby representing landlords, farmers, and grain merchants continues to prevent action on the problem. There is little real enthusiasm for the collection program among the new government officials, from the President down. However, necessity for some type of a collection program is recognized by most responsible officials and it is expected that approval for a collection program will be obtained eventually. Delay in adopting necessary legislation may jeopardize the success of the program. Since conferring with various elements of the population at a two day conference on 5-6 September, Minister of Agriculture, CHO Bong Am, has been publicly advocating a proposal calculated to abolish "grain collection" in favor of a "grain purchase" program, to make a further increase in the price to be paid farmers, to allow landlords to receive over one-third of their rental rice (all of which was turned in to the collection program in 1946 and 1947), to avoid establishing a "purchase" quota for the farmer; and, finally, to raise the ration to consumers by 50% to 3 hop (about 420 grams) per day.

In contrast, the Director of the Office of Planning, LEE Sun Taek, has been consistently facing realities, and urging support of a program essentially similar to that set forth in SKIG Ordinance 212. While government leaders debate collection plans, the blackmarket price of rice continued to increase, with the open market prices of other cereals, pulses, other foodstuffs, and textiles following suit.

Finance:

Heavy spending in connection with the government turnover resulted in government expenditures of 5.3 billion won, as compared to revenues totalling only 3 billion won, during the period 1 August to 10 September. Government expenditures for the first 160 days of the current fiscal year total 16.2 billion won as compared to an income of slightly over 10 billion won. Approximately two billion of this 6.2 billion won deficit is attributable to obligations incurred previous to the fiscal year ending 31 March 1948. The currency issue is tending to increase slowly and as of 13 September was 30,156,915,042 won, up about 206 million won since 21 August. Important factors slowing up the rate of currency expansion, despite heavy government expenditures, was cash receipts in August of 2,375,545,689 won from the sale of civilian supplies. August Civilian Supply receipts were almost as great as for the preceding four months, but still were less than one-third of the civilian supply bills rendered in August. Current rate of exchange of won for dollars at Foreign Exchange Bank averages 800 won per dollar. Exchange Bank sales of dollar drafts, mainly from missionary sources, to Korean foreign traders, are small but are increasing. Total sales in dollars from February through July were only 15,000, while sales in August were 21,000. The current blackmarket rate for U.S. greenbacks is 1,200 to 1, as compared to about 390 to 1 for military payment certificates.

Power and Industry:

The decline in electric power output to an average of less than 65,000 kilowatts during the first half of September is mainly the result of a shut-down of three units - the Yongwol and Pusan thermal plants and the Electra power boat at Inchon - for rehabilitation and repairs, as well as only partial operation of other installations. South Korea's generally antiquated thermal plants were used mainly for standby purposes by the Japanese during the last years of the war, and have not been adequately maintained since the war, with the result that breakdowns have been frequent since their operations were stepped up last May. The Yongwol and Pusan thermal plants, as well as three thermal plants located in textile mills (total capacity 7,000 kilowatts) in Seoul, Kwangju and Pusan, should all be back in operation by 1 November.

All indications point to a severe shortage of electric power during the winter months, when the power demand increases and hydro plants will produce only about half of their present average output of 45,000 kilowatts. Industrial production has declined to about 60% of the March-April 1948 level, while the August anthracite production dropped about 25% below the monthly average of 60,000 metric tons for the first seven months of 1948. Shortage of power at the Samchok mine, and floods at the Hwasun mine are mainly responsible for the August decline.

Foreign Trade:

The total value of private foreign trade declined slightly in June and July from the postwar highs reached in the spring of 1948. Total values for the first seven months of 1948 are as follows: imports, 3.7 billion won; exports, 2.8 billion won. This compares to the 1947 total of : imports, 2.1 billion won; exports 1.1 billion won. The value of government exports averaged about U.S. \$1,000,000 per month during January through June 1948. Notings included in these figures

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cluded in these figures is the growing barter trade with North Korea. According to a recent tabulation by the SKIG Department of Commerce, officially approved barter trade between North and South during the period 1 January - 15 August 1948 was valued as follows: to North Korea, goods were valued in Seoul at 160,891,524 won at official prices, or 319,243,644 won at open market prices; to South Korea, goods were valued in Seoul at 675,463,250 won at official prices, or at 950,861,250 won at open market prices. The difference between the value of imports and exports is explained in part by the fact that imports into South Korea are mainly chemicals in extremely short supply, which are relatively high-priced compared to most exports from South Korea. Principal items brought from North Korea to South Korea during the period are reported to include (in metric tons): fertilizer, 1,404; carbide, 783; sulphite pulp, 385; tungsten concentrates, 147; caustic soda, 139; cement, 3,500; soap, 74; graphite, 74; soya bean products, 129; candles, 50; acetic acid, 235; plus substantial quantities of marine products. Principal items sent to North Korea include nails, 377 metric tons; rubber, 214 metric tons; cotton cloth, 166,160 yards; light bulbs, 209,500; plus a wide variety of consumer items. The contract for the largest North-South barter deal to date was signed with the Whashin Trading Company on 2 September. This contract calls for the delivery of 50,000 tons of commercial fertilizer, at U.S. \$48 per metric ton delivered in Pusan. There is considerable doubt regarding the ability of Whashin to make deliveries as scheduled but it was felt that every encouragement should be given such efforts.

b. Cost of Living

Rice prices checked on the open market in Seoul 24 September disclosed that new rice, which is beginning to appear in limited quantity, costs 1,100 won per metric mal, whereas old rice costs 1,200 won for the same quantity. An explanation is that new rice, which appears to be cheaper, is actually a luxury item. Old rice, when cooked, will yield more edible volume than new rice and will more than make up for the difference in price. It has been explained that if one mal of new rice will feed one man for 10 days, then one mal of old rice will feed the same individual for 15 days.

RICE PRICE SUMMARY MONTHLY AVERAGES
Unit: 1 small metric mal (18.48 lbs)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	24 SEP *
Seoul	817	821	778	721	814	985	1153	1200	1100-1200
Kangwon Do	870	946	849	825	898	1012	1136	1133	
Chungchong	645	723	719	660	795	1037	990	1033	
Pukto									
Chungchong	793	728	674	634	726	946	1037	1023	
Namdo									
Kyongsang	594	605	552	605	641	888	1031	1050	
Pukto									
Kyongsang	715	778	715	704	733	955	1070	950	
Namdo									
Cholla Pukto	669	669	605	623	773	935	1036	1200	
Cholla Namdo	614	633	559	595	801	963	1109	1008	
Cheju Do	806	748	679	814	806	1081	1879	1033	
AVERAGE	713	744	681	725	777	978	1166	1087	

SOURCE: National Price Administration (except 24 Sept price).

*24 September price: Source: Open markets (5) in SEOUL:
price is for the metric small mal (18.48 lbs or 10 liters)

Currency Exchange Rate
(OPEN MARKET)

U.S. dollar equals 1,200 won
Military Payment Script equals 390 won

2. Population

a. <u>Surrendered and Disarmed</u>	No Change:	179,920
b. <u>Progress of Repatriation</u>	<u>This Period</u>	<u>To Date</u>
Japanese Civilians Arriving from North of 38° North Korea, China & Manchuria	0	288,532
Japanese Evacuated to Japan	0	884,933
Total Koreans Returning	5036 *	2,170,246
Total Repatriates Moved Since 15 August 1945	5036 *	3,057,504
Koreans Apprehended while attempting Illegal Entry into Japan	0	25,243

* The period covered by this report is 07-19 September 1948.

D. PSYCHOLOGICAL - Public Opinion

1. U.S.-Korean Property and Financial Agreement: Scattered comment evincing concern over the possibility that the United States as a result of the US-Korean property agreement may exert an influence in Korea out of proportion to the degree desired of a foreign power appeared in Seoul newspapers and emanated from Korean spokesmen during the past twelve days (the agreement was signed on 11 September).

To a naive observer, the interpretations of the Property and Financial agreement expressed on the floor of the National Assembly were puzzling. Numerous assemblymen viewed the agreement as an instrument with which the United States could establish an inextricable territorial foothold. All spoke of the "loose wording" of certain parts of the agreement. Some dwelt upon the "threat" of Article IX, Section c., clause 2. of the agreement, which was intended as a statement of the right of the United States to acquire comparatively small amounts of property for a peace-time staff. Renegotiation of this article was suggested.

Unstressed in the arguments were the sizeable American expenditures which have sustained the Korean economy during the past three years.

Defenders of the agreement based their arguments on the "good will" and "lack of imperialism" of the United States. The Ministers who signed the agreement (W/S 157, page 4) and President RHEE urged Assembly acceptance of the agreement. RHEE appeared in the legislative chamber, informed the Assembly that he had just attended the "funeral services for our American friends who died in the terrible railroad accident," and then appealed to the legislators to end their debate on the controversial article IX and "give a little for the sake of getting much." "That," said RHEE with striking frankness, "is our way."

Attacks upon the property settlement also came from spokesmen of the Korean Independence Party, the Democratic Independence Federation and from several SEOUL editors. Their statements implied that the agreement constitutes an infringement upon the sovereignty of the Korean people.

2. Soviet Withdrawal Plans

Radio PYONGYANG's announcement that the Soviets plan to withdraw from North KOREA by 01 January 1949 (Part II, B, 16) was heartily received in South Korea by virtually all prominent Koreans, including President RHEE (Part I, B, 2). But KIM Kyu Sik, having profited from his experiences in PYONGYANG (W/S 138, page 6) stated cautiously that the advent of withdrawal of at least one occupation force was good news but that acclamation should be withheld until the withdrawal becomes a fact.

E. SABOTAGE AND ESPIONAGE

Fifty-three North Koreans have been dispatched to South Korea for espionage purposes. Their target is industrial production and potential. (C-6)