

PART I

SOUTH KOREA

*Secret*

From: 241200/I Sep 48  
To : 011200/I Oct 48

Headquarters, USAFIK  
Seoul, Korea  
1 October 1948

No. 159

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

A. ARMED FORCES

1. Strength (Secret)

Police: No change  
Constabulary: 50,386 (including 1,058 cadets)  
Coast Guard: 3,013 (including 259 cadets)

2. Operational Activity (Confidential)

Border Incidents

During the night of 26-27 September outpost #4 (853-1694) and outpost #5 (859-1696) were each fired on twice. The attacks occurred at about 2200 and 2400. The outposts returned the fire but no casualties were observed. (b-2)

At 262330 September 2 U. S. guards from outpost #10 (935.3-1696.5) were fired upon by 2 unknown Koreans. The guards returned the fire and the Koreans withdrew to the north. (B-2)

At 271025 September an American patrol was fired as it approached (930.C-1696.2) upon by 2 North Korean Constabularymen who were south of the parallel. After exchanging about 25 rounds each the NKC withdrew to the northeast and recrossed the parallel without casualties. (B-2)

At 281400 September 2 North Korean Constabularymen attempted to abduct a South Korean farmer from the village of WAN-DONG (983.9-1695.3). The 2 NKC were unsuccessful and returned to North Korea. The farmer, at 281630 September observed a group of 5 NKC returning to his village, and took refuge with the police in KORANGPO-RI (985.3-1694.4) (Police report)

COMMENT: Outpost #10 (935.3-1696.5) and the vicinity thereof has been the scene of many conflicts between Americans and Koreans and between Koreans.

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	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	24 September - 04 October	TOTAL
Border Incidents																		
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	6	19
Ambushes of US Personnel							1											1
Soviet Violations of Parallel*						1								1				2
Korean Violations of Parallel*	2	1		1			1		1							1	1	8
Soviets vs Koreans	1										1	1						3
TOTAL	7	8	6	7		4	6	2	3	4	4	3	5	5	2	5	7	78

\* No firing involved

## B. CURRENT INTELLIGENCE

### 1. President RHEE Outlines Governmental Policies

President RHEE, on 30 September, presented to the National Assembly an outline of the policies to be followed by the Government of Korea. The speech, read by Prime Minister LEE Bum Suk, and delivered in the presence of the entire Cabinet as well as the National Assembly, outlined the following points:

The Republic must work toward obtaining the recognition of foreign powers and strive to achieve membership in the United Nations;

Korea, having been exploited by the Japanese for 40 years, should sit at the peace table when the treaty with Japan is settled and, further, Korea is entitled to share in the reparations to be extracted from Japan;

The economic system is to be socialistic and the Government must control prices and foreign trade; the land reform must assure that the man who tills the soil owns the property and, as stated in the Constitution, the factory worker is entitled to share in the profits of enterprise; finally, a form of social insurance must be instituted;

Koreans now living abroad must be repatriated; and

Governmental administration must be honest and efficient.

COMMENT: After the departure of the President considerable comment was made on the floor as to the vagueness of the program and a letter was dispatched inviting the Cabinet to return 04 October with a more concrete policy.

2. The National Assembly passed the Grain Purchasing Program 30 September by a vote of 121 to 10, with Article 3 of the bill amended by the addition of the clause "but this law shall not limit the transportation sales or purchase of small quantities of rice for home consumption." Meanwhile the President, on 29 September, promulgated Ordinance 212.

COMMENT: This clause constitutes a major difference between the program and Ordinance Number 212, which forbids the transportation of rice by "other than an authorized governmental agency..during the period 01 September 1948 to 28 February 1949, inclusive." It also-- in the opinion of economists--makes the difference between a workable and an unworkable program. It is considered impossible to make a full collection if farmers, middlemen and speculators can move rice before the collection is completed.

The situation in the government is analogous to that which existed in 1947. In that year KILA passed a Rice Collection Law which specified that "farmers who have faithfully fulfilled their quotas shall be permitted to sell and transport their own rice freely upon completion of the government collection program." While awaiting KILA action, the Military Government had issued the 1947 National Food Regulation Number 6, which did not permit the transportation of rice. The Koreans obeyed the more liberal provisions of the KILA law and began transporting "small quantities." This led to short supply and increased prices. Transportation was finally stopped by the issuance of Executive Order Number 8, effective 20 October 1947 (W/S 111, page 7), the purpose of which was "to implement and clarify the provisions of Public Act No. 6 (KILA's Rice Collection Law) and National Food Regulation No. 6 and to prevent the unauthorized and illegal transportation and sale of rice."

The vote on the passage of the 1948 program indicates that the Assembly will override a veto of the bill. A compromise between the desires of the Assembly and those of the president may be effected by RHE signing the bill and then, by executive order, specifying exactly what measure is meant by "small quantities." If the measure is made small enough, it is possible that a fairly effective program can be carried out. Pending final promulgation of the law, the farmers and speculator will strongly resist the implementation of the ordinance on the grounds that the assembly has represented the wishes of the people.

The proceedings revealed additional antagonism toward the executive branch of the government; RHEE's high-handedness in re-promulgating Ordinance 212 despite the imminent passage of the National Assembly's law, aroused the indignation of many of the legislators.

### 3. President Re-promulgates SKIG-Ordinance 212

On 29 September President RHEE re-promulgated Ordinance Number 212, "Collection of Rice and Fall Grain," dated and effective 29 July 1948 and signed by Major General William F. Dean, the former Military Governor.

RHEE told a reliable source that he intended to take such action if the National Assembly failed to pass the Grain Purchasing Law by noon of 29 September (see para 2, above).

This is the second successive year that the executive branch of the government has been forced to act over the head of the legislative branch. On 13 August 1947, Major General Lerch, then Military Governor, advised the Korean Interim Legislative Assembly that "a grain collection program should be enacted at once, and it should be a program with strong enforcement provisions. In view of the delay experienced thus far, it will be necessary for the National Food Administration to proceed with its administrative regulation as now drafted if legislative action is not forthcoming on or before 14 August 1947." (See para 2, above)

Discrepancies between the Military Government bill's provisions and the provisions of the KILA-passed law caused some confusion. (W/S 115, page 13)

COMMENT: A similar result may occur if the National Assembly bill meets with the approval of the President.

#### 4. Implementation of Amnesty Law

The Amnesty Law passed by the National Assembly on 20 August (W/S 154, page 6) was signed by President RHEE on 30 August and implemented on 27 September. The release of those prisoners affected by the provisions of the law began immediately. Within two days those released numbered between 3,000 and 4,000. (Seoul newspapers reported 5,700).

Prisoners released by the law included those imprisoned for violation of 60-odd sections of the Penal Code, medical and drug regulations, tax orders, sanitation regulations, vehicle regulations, laws aimed at preserving natural resources and protecting public property, financial regulations, newspaper laws, shipping regulations, AFPAC proclamations, many USFK general notices and ordinances, price and food regulations, and numerous other laws, orders and regulations.

It is planned to parole prisoners sentenced in Provost Courts and Military Commissions for crimes similar to those indicated above, by 06 October.

The releases under the Amnesty Law will result in an estimated 20 per cent reduction in the prison population of the 19 National Penal Institutions in South Korea (21,419 at end of August 1948). Of this total 17,356 were convicted prisoners, and 4,067 were awaiting trial. Of the convicted prisoners, 13,282 were serving sentences of one year or more, and 4,074 were serving sentences of less than one year. Under the Korean penal system, there is no time off for good behaviour.

COMMENT: The Amnesty Law and the release of prisoners does not imply that an injustice was done in the original prosecution, but conforms to the custom, still existing in the Orient, of releasing prisoners at times of important National events.

#### 5. Resignation of LEE Chong Chon

On 27 September, President RHEE accepted the resignation of LEE Chong Chon, Minister Without Portfolio. RHEE reportedly told reporters that he does not plan to name a successor.

COMMENT: Although no statements are known to have been released at the time the resignation was accepted, it is believed that LEE resigned for one or more of the following reasons:

a. He was dissatisfied with his position in that there was little opportunity for self-advancement. It is possible that LEE accepted the position of Minister Without Portfolio with a view to holding it temporarily — that is, until he could become Minister of National Defense, a position now held by Prime Minister LEE Bum Suk.

b. President RHEE showed little inclination to accept the suggestions of cabinet members.

c. RHEE is not putting forth enough effort for Korean unification.

d. LEE wants more time for political activities. He is currently involved in an effort to organize a new party along with CHO So Ang, SHIN Ik Hi, MYONG Chai Sei, AHN Chai Hong and PAIK Yong Hi.



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 01 October 1948 is as follows:

	SEOUL	KYONGGI	DO	KANGWON	DO	CHUNGCHONG	NAMDO	CHUNGCHONG	PUKTO	CHOLLA	NAMDO	CHOLLA	PUKTO	KYONGSANG	NAMDO	KYONGSANG	PUKTO	CHERU	DO	TOTAL	
Assassination	1																				1
Anti-grain Collection																					
Political Terrorism																					
Demonstration																					
Resistance to Arrest																					
Unclassified																					
Attacks on police																					
Arson																					
Attacks on individuals																					1
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 24 September but which were not carried in last week's Summary are:

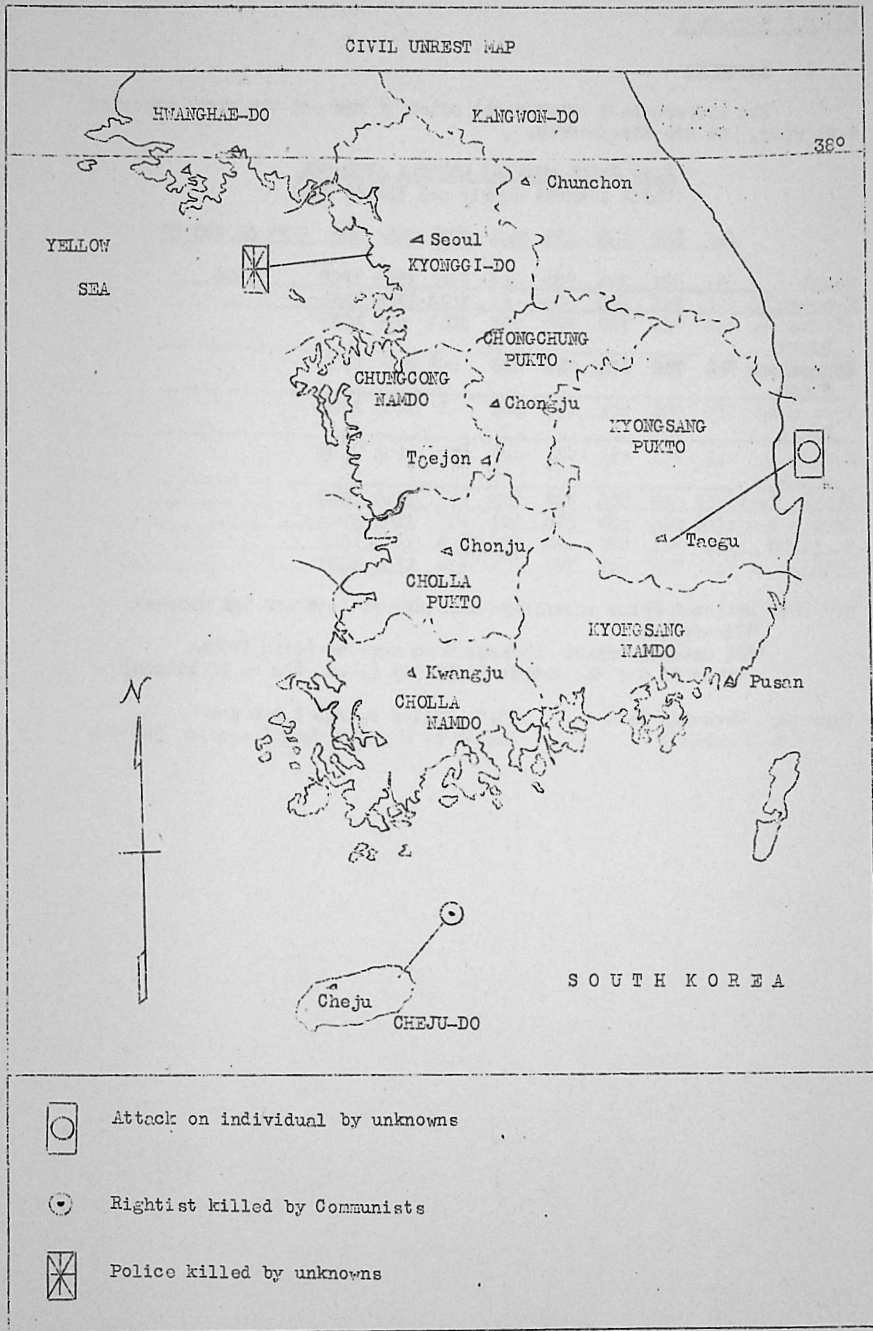
	SEOUL	KYONGGI	DO	KANGWON	DO	CHUNGCHONG	NAMDO	CHUNGCHONG	PUKTO	CHOLLA	NAMDO	CHOLLA	PUKTO	KYONGSANG	NAMDO	KYONGSANG	PUKTO	CHERU	DO	TOTAL	
Assassinations																					
Anti-grain collection																					
Political Terrorism																					
Demonstrations																					
Resistance to Arrest																					
Arson																					
Unclassified																					
Attacks on Police																					
Attacks on Individuals																					1
Sabotage:																					
Communications									1												1
Railroad lines																					
Power																					
Bridges																					
Strikes: Labor																					
School																					

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

	JULY	AUGUST	SEP**	TOTAL
Assassinations	7		4	11
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	3	7
Sabotage: Communications	1	4	4	9
----- Railroad lines				
----- Power				
----- Bridges				
Strikes: Labor				
----- School	1			1

\*Incomplete



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C. WAR POTENTIAL1. Economic

The differential between the price of new and old rice, reported last week, has now disappeared.

RICE PRICE SUMMARY MONTHLY AVERAGES

Unit: 1 small metric mal (18.48 lbs)

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP*</u>	<u>OCT</u>	<u>**</u>
Seoul	617	621	778	721	614	985	1158	1200		1025	
Kangwon Do	670	946	849	825	899	1012	1136	1133			
Chungchong	645	723	719	660	795	1037	990	1033			
Pukto											
Chungchong	783	728	674	634	726	946	1037	1083			
Namdo											
Kyongsang	594	605	552	605	641	688	1081	1050			
Pukto											
Kyongsang	715	773	715	704	733	955	1070	950			
Namdo											
Cholla Pukto	669	669	605	623	773	935	1036	1200			
Cholla Namdo	614	633	559	595	501	963	1109	1008			
Cheju Do	606	742	679	614	606	1021	1279	1033			
<u>AVERAGE</u>	<u>713</u>	<u>744</u>	<u>661</u>	<u>725</u>	<u>777</u>	<u>978</u>	<u>1166</u>	<u>1087</u>			

SOURCE: National Price Administration (except Sept and Oct prices).

\*Incomplete

\*\*Oct October price: Source: Open markets (4) in SEOUL:

price is for the metric small mal (18.48 lbs or 10 liters)

Currency Exchange Rate  
(OPEN MARKET)U.S. dollar equals 1,180 won  
Military Payment Script equals 520 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	288,535
Japanese Evacuated to Japan	39	884,972
Total Koreans Returning	2,227	2,172,413
Total Repatriates Moved since 15 August 1945	2,266	3,059,770
Koreans Apprehended While Attempting Illegal Entry Into Japan	351	25,594

D. PSYCHOLOGICALEditorial Reaction

Grain Collection: Moderate rightist SEOUL SHIN MUN (Seoul Daily News) and moderate CHOSUN ILBO (Korea Daily News) offered potent indications of approval of the grain purchasing program being considered by the National Assembly (Part I, B, 2). The SEOUL SHIN MUN based its accord with the program on the "stern reality that man has to eat to live." "The plan," said the editor, "indicates that the results will be disappointing to the farmers and at the same time will ensure the distribution of three hops or rice (about one pound) daily to all consumers," and "since this is the first enterprise evolved by the new government we extend our congratulations." The editorial favored the new plan also because it lacked the "compulsory" features of the Japanese and American collection programs. In the following paragraph, however, the writer expressed concern regarding the degree of popular compliance the program would receive. It was hoped that officials would see that the "cuts" formerly accruing to "profiteers and middlemen" would no longer exist.

CHOSUN ILBO stated that "it is very proper and significant for the newly established government to abolish compulsory grain collection," but "because Korea is an agricultural nation, the government's success in controlling rice has a vital relation with the future economic development of Korea." The editors predicted that the program would not meet with "good results" immediately, but would become more effective with the display of efficient administration. "Farmers must not demand uncontrolled and arbitrary freedom," said the writer, but on the other hand, "the government must gain the farmers' confidence with strong and fair exercise of authority."

Soviet Withdrawal: Additional comment on the Soviet withdrawal announcement (W/S #158, pages 17 and 45) appeared in Seoul's rightist and moderate press. The new KOOK MIN SHIN MUN (National News) (W/S #158, page 7) viewed the announcement as an "expected" attempt of the USSR to gain a "diplomatic advantage" over the United States. The leftists, moderates and dissident rightists, it was asserted, will "propagate" the announcement with the aim of forcing the simultaneous withdrawal of American forces. The writer reminded his readers that even after the Soviet withdrawal, Communist control of North Korea will continue undiminished.

Similarly, rightist PYUNG WHA ILEO (Peace Daily) stated that "the occupation of foreign troops will not facilitate Korean independence," but immediate withdrawal of both forces cannot be risked "because the North Korean People's Army will conquer South Korea, in accordance with the plan of the USSR." The editorial concluded that the "U.S., the USSR and the UN must be influenced to disband the People's Army and then effect the immediate withdrawal of the occupation forces."

Moderate CHOSUN ILEO (Korean Daily News) expressed fear at the possibility that the Soviets may continue the occupation of Korea if the United States heeds the calls for a prolonged stay in South Korea allegedly coming from YOON Tchi Yong, CHO Byung Ok, KIM Hwa Lan and John M. CHANG (CHANG Myon).

E SABOTAGE AND ESPIONAGE

On 27 September a refugee from WONSAN (1040-1830) was arrested in NAEPYONG-NI (1080-1680). At the time of his arrest the refugee had 3 North Korean Constabulary maps of the area north and south of the parallel in his possession. (B-2)