

REFERENCE: Code 00A560

Number of
Enclosures - 0

MAILED VIA: Air Pouch

Attached - 0

SUBJECT: SEMI-ANNUAL ECONOMIC REPORT
(January-June, 1949)

Prepared by: Royco A. Wight
Assistant Economic Commissioner

III - TRANSPORTATION & COMMUNICATIONS

2. Shipping

Passenger traffic declined as a result of the interruptions in service resulting from Communist uprisings in these areas.

한 · 중 · 해 · 공군 기지 협정(1949. 9. 19)

623 34595/8-1949: Airgram

The Ambassador in Korea (Muccio) to the Secretary of State

TOP SECRET

Seoul, September 19, 1949.

A-282.

1. In view of persistent and continued reports and rumors of a Chinese-Korean air-sea base agreement, which have their sources in the Rhee-Chiang discussions at Chinhai in August,¹ the following information presently available to the Embassy on this subject is re-

¹ Mailed on September 20 and received in the Department on September 29.
² See telegram 991, August 8, from Seoul, p. 1184.

ported herewith for the Department's information. The Embassy information contains gaps and the sources are not entirely satisfactory, but it is believed that the following information and estimates are reasonably correct.

2. At the Chinhai conference the Chinese arrived with definite ideas of what they wanted, while the Koreans were evidently unprepared for discussions of any significance excepting a general Pacific pact.

3. Reportedly, a Chinese official, Dr. K. C. Wu, a former vice minister of foreign affairs and mayor of Shanghai, conferred with Korean Premier Lee Bum Suk, Foreign Minister Ben C. Limb and Admiral Son Won Il of the Korean Navy during the course of the Chinhai conference. Possibly Chinese apart from Wu were present at the discussions, but if so the Embassy is not so informed. Wu is said to have proposed at the discussions that the Chinese be given air base facilities on Cheju Island—about fifty miles off the south coast of Korea—where the Chinese would base three fighter-bomber groups for the purpose of attacking the Shantung peninsula and the terminus of the Lunghai railway (Haichow). The Chinese proposed that the Koreans supply naval security for Cheju Island and reportedly inquired as to the

capabilities of the Korean Navy. In response, Admiral Son gave a complete account of Korean ships and their capabilities. The Chinese expressed surprise and disappointment over what they considered to be the weakness of the Korean Navy. The Koreans reportedly asked what naval protection the Chinese could offer and were told "none". According to information available to the Embassy the Korean Foreign Minister and Admiral Son did most of the talking for the Korean side, with the Korean Premier largely silent. The Koreans reportedly raised the question of gasoline supply for the Chinese planes, and the Chinese are reported to have said that they would supply gasoline from stocks made available to them by the United States.

4. There is some indication that the foregoing conversation took place without the express authorization of President Rhee. Following the conversation the Foreign Minister is said to have related the gist of the conversations to the President who immediately took the view that an assignment of air bases on Cheju for the purposes indicated would be tantamount to involving Korea directly in the Chinese civil war. Reportedly the Korean Foreign Minister told Dr. Wu that Korea could not afford to be dragged into the Chinese conflict without adequate air power to cover the Korean Army against Chinese communist retaliation. In any case the Korean Government would not make the desired bases available. The Korean Foreign Minister is then reported to have inquired, presumably on the President's instructions, what air support the Chinese could render if the Korean Army invaded north Korea. Dr. Wu reportedly replied that the Chinese could supply one fighter bombe group. The foreign minister, and presumably the

Premier, reported to President Rhee that the Chinese proposals appeared to be beneficial to China but not to Korea. President Rhee is believed to have concurred in this view and to continue now to entertain this conviction.

5. The conversations between Dr. Wu and the Koreans reportedly collapsed with no agreement or understanding. It is reliably understood that during the Rhee-Chiang conversations, the subject of the use by the Chinese of Korean air bases was not touched upon. Evidently, the course of the conversation between Dr. Wu and the Korean Premier and Foreign Minister had not been such as to cause the Generalissimo to bring up the subject with President Rhee.

6. The foregoing account agrees substantially with one given by the Korean Foreign Minister to the *New York Times* correspondent shortly following the conversations at Chinhae. Moreover, recently a high ranking official of the Chinese Mission in Tokyo named Wu Wentao reportedly gave an abbreviated but similar account to the correspondent of the *Chicago Tribune* in Japan. Both the *New York Times* correspondent in Korea and the *Chicago Tribune* correspondent in Japan have discussed this matter informally with officers of this Embassy.

7. On September 12, an Embassy officer in a conversation with the Korean Foreign Minister, raised the question of the conversations described above, basing his remarks on alleged rumors coming from

the Chinese Mission in Tokyo. The Foreign Minister heatedly denied that the Koreans would grant bases on Cheju to the Chinese or anyone else. He said that Korea was too jealous of her own sovereignty and territory to alienate any of it for purposes of doubtful advantage to Korea and in any case the Korean Government was not yet in a position as to know how to develop Cheju for its own interests and advantage.

8. Subsequently, rumors which have yet to be substantiated, have come to the Embassy's attention that Koreans and Chinese are negotiating on the use of Inchon by the Chinese as a naval base and on the bombing of Antung from Korean bases. These rumors also suggest that President Rhee has written the Chinese a letter on these subjects. In the light of these rumors, an Embassy officer again raised the question of their validity with the Foreign Minister on September 18, during the course of a conversation on another subject. The Foreign Minister stated categorically that he knew of no such conversations since the Chinhae conference, that such proposals had not been discussed in cabinet meetings, that he himself believed the assignment of air or naval bases to the Chinese would be dangerous to Korean security, and that he hoped the President would be advised both that such rumors were current and of the dangers of any such agreements.

9. In this general connection, the Korean Minister of Defense, in the course of an informal conversation with an Embassy officer on September 16, stated that the Chinese military attaché has recently approached the Korean Army G-2 with a proposal that there be an exchange of information on the subject of communism and that the Chinese be allowed to establish certain intelligence installations on the Korean mainland and on certain Korean islands. The Korean Defense Minister stated that these proposals had been brought to his and the President's attention and that they had issued instructions that conversations with the Chinese military attaché on this subject be discontinued. The Minister of Defense indicated that in no event would the Chinese be allowed to install their own intelligence installations on Korean soil.

10. On the morning of September 19, following a conversation with President Rhee on another subject, an Embassy officer told the President that rumors were prevalent of negotiations with the Chinese for Korean bases and inquired as to their accuracy. The President's first reply was "wait, and you will know from the results". The Embassy officer then said, "In that case, I take it there actually are negotiations in progress with the Chinese on the subject of bases". President Rhee thereupon replied to the effect that the Chinese Embassy was pressing him to grant both bases and domicile to Chinese personnel (presumably intelligence personnel although he did not make this clear) and he felt that relations with China were such that a flat rejection of their proposals would be inappropriate. He went on to say, however, that he did not intend to accede to any of the Chinese proposals, whether for bases or for stationing of Chinese personnel in Korea.

He further said that the American Embassy could rest assured that after the discussions were ended, despite his studied avoidance of a directly negative reply, the Chinese would be no further advanced in the attainment of their objectives than they were in the beginning. He cautioned the Embassy officer that information on his position was of the most sensitive nature and asked the Embassy officer not to pass on such information.

11. The Embassy is aware that President Rhee, while sympathizing with the Chinese National Government in its struggle against international communism, and desiring to maintain close relations with the Generalissimo, is at the same time highly suspicious of Chinese conduct and motives, does not intend to be dragged into the internecine struggles with the Chinese communists, and is determined not to alienate Korean bases to any Power no matter how friendly that Power may be toward Korea. The President would probably not be adverse to the visit of Chinese naval vessels to Korean ports, but it is highly unlikely that he would turn over any of these ports to the Chinese navy as bases, or even permit the Chinese to operate from Korean ports.

Muccio

• 한국의 청년단체에 관한 존 라셔의 보고(1949. 9. 27)

American Embassy,

Seoul, September 27, 1949

No. 596

OCT 18 1949

RESTRICTED

DEPARTMENT OF STATE

No action
File DC

Subject: Transmitting report by John H. LASHER on
Korean Youth Corps

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

In reference to the Embassy's despatch no. 566, September 15, 1949, requesting the extension of the detail of Mr. John H. LASHER, who was originally sent to Seoul on a 90-day mission to assist in the reorganization of the Korean youth organizations, I have the honor to transmit herewith a report of Mr. Lasher's findings, together with recommendations, which he has submitted to President RHEE with respect to reorganization of the Korean Youth Corps.

The principal recommendations made by Mr. Lasher to President Rhee are these: (1) Reorganization of the present youth structure