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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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THE CURRENT SITUATION IN KOREA

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~~SECRET~~**THE CURRENT SITUATION IN KOREA****SUMMARY**

US strategic interests would be seriously affected by the absorption of Korea into the Soviet orbit. The current political, economic, and military situation in the US and Soviet Zones, respectively, makes it unlikely that any government erected in South Korea under UN auspices could long survive the withdrawal of US forces unless it were to receive continuing and extensive US economic, technical, and military aid. Present indications are that a government dominated by the Extreme Rightists under Rhee Syngman will emerge from the forthcoming UN-observed elections. Such a regime, if left to itself, would be incapable of withstanding ideological and military pressure from North Korea. On the other hand, any unconditional US commitments to such a potentially unpopular and unreliable government might be a source of future embarrassment to US policy in the Far East.

Note: The information in this report is as of 3 March 1948, at which time the report was submitted to the intelligence organizations of the Departments of State, Army, Navy, and Air Force for concurrence or substantial dissent.

The intelligence organizations of the Departments of State, Navy, and Air Force have concurred in the report; the Intelligence Division, Department of the Army, has concurred in the military aspects of the report.

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THE CURRENT SITUATION IN KOREA

1. IMPORTANCE OF KOREA.

Absorption of Korea into the Soviet sphere of influence would:

- a. Have a seriously adverse political and psychological impact throughout the already unstable Far East, particularly in China, Japan, and the Philippines; which would increase in direct proportion to the investment made by the US in Korea prior to any surrender of that country to Soviet domination;
- b. Injure US prestige throughout the world where it is recognized that the US has substantial moral commitments in Korea, one of the three countries where the US and USSR stand face to face, directly associated with activities and developments within their respective zones;
- c. In case of war, furnish an important Soviet position threatening both Japan and the North China coast.

2. CONDITIONS IN THE US ZONE (SOUTH KOREA).

a. *The Political Situation.*

The struggle between the US and the USSR over the future political orientation of Korea has served both to condition and to obscure the nature of political alignments within South Korea. As is true in most relatively undeveloped areas, the bulk of the population is ignorant of political realities and is, in general, more concerned with the business of making a living than with the larger issues of national and international politics. The continued presence of foreign occupation forces on Korean soil has resulted in chronic native resentment at the delay of the long-promised independence of Korea and at the protracted artificial split of the country. However, the continued economic distress has been a more serious factor in producing the bitter restlessness which characterizes the attitude of the mass of the South Korean population at the present time.

The political organizations struggling for control of the inarticulate South Korean population can be broadly classified as: Right, Moderate, and Left. The stakes involved in this struggle are considerable. The greatest portion of the wealth of South Korea was formerly Japanese owned and is now frozen in the form of "vested property." The problem of the future disposition of this vested property is the core of political differences within South Korea upon which the larger US-USSR struggle has been grafted. The tendency of all political factions to adapt the international situation to domestic rivalries by seeking the support of one or the other power has served to obscure the domestic issues and to polarize the domestic conflict into two contending extremist camps.

When, for example, the Left gravitated toward the Soviet Union as the outspoken advocate of equalitarian distribution of the national wealth, it found a valuable ally but lost its freedom of action: it was rapidly infiltrated and forged into a political instrument for eventual Soviet domination of South Korea. Along with substantial financial assistance from North Korea, it had to accept an external direction which forced it to adopt extreme tactics in supporting the dictates of Soviet policy.

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The tactics of the Left inevitably forced an immediate reaction from the Right. The leadership of this group of parties is provided by that numerically small class which virtually monopolizes the native wealth and education of the country. Since it fears that an equalitarian distribution of the vested Japanese assets would serve as a precedent for the confiscation of concentrated Korean-owned wealth, it has been brought into basic opposition with the Left. Since this class could not have acquired and maintained its favored position under Japanese rule without a certain minimum of "collaboration," it has experienced difficulty in finding acceptable candidates for political office and has been forced to support imported expatriate politicians such as Rhee Syngman and Kim Koo. These, while they have no pro-Japanese taint, are essentially demagogues bent on autocratic rule. Acceptance of this extremist leadership has forced the Right to discard its more moderate elements and has served to widen the gulf between the two opposing camps.

Korea's complete lack of a democratic tradition made it certain that both sides would resort to violence as the only weapon available for the settlement of political disputes. Hence each side organized and subsidized "youth groups" to furnish strong-arm support for propaganda and organizational endeavors among the mass of the population and to counter, by force, the efforts of its adversary.

When the Left resorted to terrorism to achieve its ends, one of its first targets was the South Korean police force, a logical target for two reasons: (1) there was a reservoir of popular resentment against the police which could be tapped at any time; and (2) it represented the constituted authority which the Left was under orders to undermine. The latent popular resentment against the police was a necessary result of the only tradition which the police had to draw upon in the execution of their tasks. Whatever administrative skills the police force possessed it had learned from the Japanese, at the same time that it was acquiring whatever respect for civil liberties it now possesses. Hence, the police force, faced with the emergency of Leftist terrorism, replied in the only way it knew by being ruthlessly brutal in suppressing disorder. For this reason it is now in the position of being inevitably committed to support of the Right, since it realizes that the successful creation of a Leftist regime in South Korea would mean the massacre of police personnel.

The enforced alliance of the police with the Right has been reflected in the cooperation of the police with Rightist youth groups for the purpose of completely suppressing Leftist activity. This alignment has had the effect of forcing the Left to operate as an underground organization since it could not effectively compete in a parliamentary sense even if it should so desire. In this situation the Left has adopted the tactic of sporadically suspending its campaign of terrorism against individuals in order to bring into bolder relief the extortions and brutalities of the police force and Rightist youth groups. In addition, Communist propaganda contrasts the "proletarian paradise" of North Korea with the continued economic distress of the South. The Left thus plays upon the basic dissatisfactions of the South Koreans in order to undermine political and economic stability through the instigation of public disorders and sabotage at any moment considered propitious by the Communist leadership. Current Communist-organized opposition to the holding of elections in South Korea is a case in point.

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Although the Moderates, led by Dr. Kimm Kiu Sik, represent perhaps the only potentially democratic force in Korea today, they are not a cohesive group but a loose assemblage of splinter parties with a relatively small popular following. As a consequence of the continuing polarization of South Korean politics, the Moderates are being driven toward the extremes if only for future self-protection. Without active US support and encouragement, they cannot hope to cope with the demagogic appeal of the Extreme Right or the conspiratorial efficiency of the Extreme Left.

The Rightists, perceiving in this situation the assurance of an overwhelming victory in an early parliamentary election, are presently engaged in a ruthless struggle among themselves for control of the reins of power with Rhee Syngman having the best prospects for success. Alliances of convenience are being formed in an attempt to present a united front, but there is every prospect that Rhee's accession to power will be followed by intra-party cleavages and by the ruthless suppression of all non-Rhee Rightist, Moderate, and Leftist opposition.

b. Economic Situation.

The rupturing of Korea's prewar economic relationship with Japan and the artificial separation of South Korea from the North has resulted in chronic shortages of such basic items as fertilizer, coal, and electric power as well as of technical and administrative skills. These shortages are reflected in a general paucity of consumers' goods and in a growing inflation. In addition, the Rightists' control of the South Korean Interim Legislature has permitted them successfully to obstruct certain vitally needed economic reforms.

There is no immediate prospect of a cessation of this economic distress. It has been estimated that under the best conditions, involving considerable US aid, South Korea could not achieve a marginal self-supporting status in less than 5 years. In any case, South Korea will remain dependent on the Soviet Zone for most of its electric power supply for some time. By inciting unrest in South Korea and by choking off the supply of power, the USSR has the capability of effectively sabotaging and delaying any recovery program initiated in the South.

c. Military Situation.

There is at present no native military establishment in South Korea which could execute an effective defense against outside aggression. It is estimated that it would take a minimum of one year for the US to train and equip a force which could meet the North Korean "People's Army" on even terms, at that army's present strength.

3. CONDITIONS IN THE SOVIET ZONE (NORTH KOREA).

a. Political Situation.

The USSR is in continuing process of creating a political regime in North Korea, molded in the Soviet image and designed as a base from which control can be extended to all Korea. At the present time, efforts are being concentrated on equipping this regime with all the institutional apparatus necessary for recognizing it as a sovereign and independent "Korean People's Republic."

A "Draft Provisional Constitution" was submitted to the North Korean People's Assembly on 7 February, and it was decided to refer it to the "people" for "discussion"

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prior to its formal adoption some time in mid-March. This document shows unmistakable signs of Soviet influence and quite clearly anticipates eventual incorporation of all of Korea under the contemplated "People's Republic of Korea" even to the point of specifying Seoul, capital of the present US Zone, as the future capital of a united Korea. By completing all major preparations for the establishment of a "People's Republic" the USSR is giving itself the capability of anticipating or countering the efficacy of any attempt by the UN to establish a government in South Korea, since a Soviet puppet regime can be announced and recognized as the legal government of Korea at any time that political exigencies demand such a move.

The USSR is constantly refining the procedure whereby it masks its ever-increasing centralized control over the puppet regime. Potential dissidents having been eliminated from the area soon after the arrival of the Red Army, there is no reliable evidence of any serious disaffection or organized resistance among the 10 million North Koreans, despite the fact that a full-blown police state is emerging. This situation has been made possible largely through the characteristically shrewd Soviet recognition of the basic needs of the native population (land reform, political participation, education, etc.) and through the erection of a regime equipped to satisfy those desires if only by means of an incessant propaganda barrage. As long as no structure better adapted to Korean needs is established in South Korea to compete for Korean loyalty, it is fruitless to hope for extensive defections from this North Korean regime which gives every indication of increasing its strength as its political and economic plans reach maturity.

b. Economic Situation.

Soviet political efforts to insure the absorption of North Korea into the Soviet orbit have been accompanied by similar steps in the economic sphere, in the form of joint Soviet-Korean corporations, barter agreements, and institutional reform along Soviet lines. Despite continued Soviet removal of Korean commodities and manufactures, which tends to impede any solution of North Korea's economic problems, it is safe to say that economic conditions in the Soviet Zone are at least no worse than those in the US Zone even though the latter has received fairly extensive relief supplies. This can be explained by the fact that the North Korean economy is better balanced industrially than that of the South and that there is comparatively less pressure on its food resources. Moreover, the USSR is apparently engaged in integrating the North Korean industrial complex with the Manchurian agricultural economy. Such a plan, if successfully implemented, would force South Korea to "wither on the vine" unless it could avail itself of an industrial partner—Japan or the US—to complement its agricultural production. At the same time the North Korean economy would suffer no detrimental effect by reason of its enforced rupture from the South.

c. Military Situation.

On 8 February 1948, the North Korean People's Committee, in celebration of its second anniversary, unveiled the "Korean People's Army" (KPA) and significantly called attention to the South Korean "uprisings" against the UN Commission which had been instigated by Communist agents in such a way as to occur simultaneously. The KPA, operating under a "Department of National Defense," is estimated to have

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an approximate strength of 125,000, is Soviet trained and advised, and has been furnished with adequate infantry and infantry-support weapons of Soviet manufacture which, although obsolete, are apparently in excellent condition. Soviet-inspired propaganda is psychologically preparing the North Koreans for using this force in an eventual "war of national liberation" in South Korea. For the present, the force is valuable from a propaganda standpoint in that it enhances the prestige of the North Korean regime internally and can be used for "scare" purposes in a politically unstable South Korea. More important, as in the political sphere, it gives the USSR the capability of anticipating, or immediately duplicating, another US move. Should the US withdraw its troops, the USSR could easily fulfill its self-imposed commitment of "simultaneous withdrawal" of occupation forces with no impairment of its superior position. The USSR has been constantly stripping its forces in North Korea in preparation for such a move. The structure of control would survive the troop withdrawal, and the KPA would be competent to handle any probable missions required against a militarily defenseless South Korea.

4. PROBABLE FUTURE DEVELOPMENTS.

The decision of the UN Interim Committee to authorize the UN Commission in Korea to observe elections in the US Zone will result in the formation in South Korea of a "National Assembly" and a "National Government" representing two-thirds of the total Korean population. Such a government will have little prospect of permanency. Politically it will be faced with the immediate threat of a competing Soviet-sponsored regime to the North. Economically, it will have no immediate prospect for alleviation of chronic distress. The new government will also have to contend with a continuous effort on the part of the Communist "Fifth Column" to instigate sabotage and disorder on the basis of economic and political discontent, thus multiplying the difficulties now existing.

Lastly, the South Korean Government will be threatened with military disaster following an early withdrawal of US forces. Such a withdrawal would probably be preceded or shortly followed by similar Soviet action, thus leaving the KPA free to engage in its long-awaited "liberation" of South Korea with the aid of its organized "Fifth Column" and with no danger of effective opposition.

Delay of US withdrawal for the time necessary to organize an adequate South Korean defense force would serve to postpone a successful North Korean invasion but, by itself, would not prevent it. The basic economic and political problems would remain unsolved, and the defense forces would be left operating on the basis of an "ox-cart" economy and an unstable political structure. Only continued and extensive US subsidization could preserve any future Korean regime from the imminent threat of military extinction.

An early election in South Korea will result in a Rightist sweep and in the probable formation of a government headed by Extreme Rightist Rhee Syngman since the Left will boycott the elections and the Moderates will be loath to participate too actively without a full US guarantee of the independence of the future government. (The

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Moderates are, however, masking their basic feelings of insecurity by raising the specious objection that the elections will encourage "separatism.") On the basis of Rhee's past record and present conduct, it is probable that a Rhee Government, if left to its own devices, would play directly into Soviet hands. Soviet propaganda would be provided with a substantial basis in fact for charging the regime with being corrupt, reactionary, and oppressive. By discrediting itself with the South Korean population, such a regime would facilitate the task of the KPA in "liberating" South Korea following the withdrawal of US forces. At this juncture Rhee would probably look to the US for support. The US might then be faced with the choice of giving aid and comfort to a discredited, unpopular regime while risking the censure of world opinion; or of withdrawing its support in response to moral pressure and face the charge of breaking another promise in the Far East.

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