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SECRET

Department of External Affairs

Subject:

KOREAN POLITICAL SITUATION (General)

File No. 7 - 1 - 1

Volume 8

From November 1, 1961

To JUNE 30, 1962

[illegible]

**FOR SUBSEQUENT CORRESPONDENCE
SEE NEXT PART OF FILE**

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: The Canadian Embassy
Tokyo, Japan

Reference: Our Telegram 152 of June 4, 1962

Subject: South Korea -- Diplomatic Activities

Security: Confidential

No: 392

Date: June 28, 1962

Enclosures: nil

Air or Surface Mail: air

Post File No: 711 & 721

Ottawa File No.

References

The main objective of South Korea's military regime in the field of foreign policy has been to seek international recognition and support for the general aims pursued by the military government in the realm of political, social and economic reforms. Ever since it took over power on May 16, 1961 the regime has been engaged in a diplomatic offensive which has been carried out with the energy and also at times with the impatience which is characteristic of its policies in other fields.

2. In an effort to widen the scope of Korea's contacts and activities abroad, the military government made use of goodwill missions (planned by the previous regime of John M. Chang) in the summer and fall of 1961 to develop closer relations with countries of Europe, North and South America and Asia. These missions were charged with the triple task of seeking to establish diplomatic exchanges with a number of countries; to try to enlist the assistance of advanced countries in support of the Korean government's development plans; and in general to gain international acceptance of the fundamental aims pursued by South Korea's new government. Currently, a Korean goodwill mission led by Lee Su Yong, head of the Korean Mission to the United Nations, is visiting Tunisia, Morocco, the Ivory Coast and the Congo (Brazzaville) in an attempt to develop closer ties with emerging countries of Africa and particularly with members of the Brazzaville group with which South Korea established a working relationship during the last General Assembly.

3. A number of economic and trade missions have also visited Europe, the U.S.A. and South Eastern Asia in recent months for the purpose of developing trade relations and obtaining capital and technical aid from both private and government sources. Private business delegations have also visited Korea from the U.S.A., Japan, Germany and Italy since the beginning of this year.

4. South Korea's approaches to various advanced countries have already produced encouraging results in the field of foreign aid. Apart from the U.S.A., which continues to be the main contributor to Korea's economic development plans, a number of European countries, as well as Australia, have decided to extend assistance particularly in the form of scholarships and vocational training. Private U.S.A., Japanese, German and Italian concerns are also showing a positive interest in investing in Korea's natural resources and planned industrial enterprises.

Internal
Circulation

Distribution
to Posts

Over the past twelve months South Korea has also succeeded in establishing diplomatic relations with a number of countries of the free world. Before the military revolution only thirteen countries were represented in Seoul. In the past year twenty-four additional countries have agreed to exchange diplomatic representation with Korea and of that number ten have already made the formal gesture of sending ambassadors or heads of mission to present their credentials. (see attached list) Commonwealth countries have been leading the movement: Australia and Malaya have set up embassies in Seoul this year; the New Zealand Ambassador to Tokyo presented his letter of credence in Seoul early this month; India will open a consulate general in Seoul in the near future. We heard some months ago that Pakistan was considering the accreditation to Seoul of its Ambassador here, Mohammed Ali, who had been visiting Korea regularly in the capacity of Chairman of UNCURK. Mohammed Ali himself, who was for some years been nursing a personal grudge against military governments, was opposed to the move. Now that he has become his country's Foreign Minister, it seems unlikely that Pakistan will establish diplomatic relations with South Korea. Britain has long had an embassy in Korea. Agreement has also been reached for the exchange of Ambassadors with Nigeria and the South Korean Government has announced that its first ambassador to that country will soon be appointed. It may be some time, however, before the Nigerians are able to reciprocate this gesture as they have not yet set up an embassy in Tokyo. Canada and Pakistan may soon be the only major Commonwealth countries that have not established diplomatic relations with Korea.

6. With regard to Korean diplomatic representation abroad, the military government decided at the beginning of this month to increase the Foreign Ministry establishment in order to cope with its new obligations. The number of diplomatic officers is to be increased by forty-five in the next year or so in order to fill newly-created posts. It is intended that Ambassadors posted to such countries as Brazil in South America and Nigeria in Africa will also be accredited to five or six neighboring countries. This system, of course, is regarded as unsatisfactory from the Korean viewpoint but will likely remain in force for several years because of the strict limitations placed by budgetary and personnel considerations on a more rapid expansion of the Korean foreign service.

7. The South Korean military authorities are particularly proud of their achievements in the diplomatic field. U.S. Ambassador in Seoul, Samuel D. Berger, has expressed the opinion to members of this Embassy that the successful outcome of the Korean debate at the last U.N. General Assembly was due in no small measure to the efforts of Korean diplomatic missions abroad and, more particularly, of the Korean mission to the U.N. in explaining South Korea's case to members of the Afro-Asian groups. In previous years the Korean authorities had always relied on the United States to undertake the difficult task of mustering support for a resolution on Korea in the United Nations.

8. This and other achievements in the foreign field have created hopes in the West and particularly in the U.S.A. that, in keeping with the desire to establish Korea's international prestige, the military regime will continue to assume its role in world affairs and to act as an independent and sovereign nation in defending its policies in such international forums as the United Nations, and its subsidiary bodies. At the same time, it is generally hoped that, as Korea assumes increasing responsibility in world affairs, members of the military regime will become increasingly conscious of the impact on foreign public opinion on their internal policies and decisions. It is important, for example, that they should realize that the support of Western countries for the military rule is conditional and depends in the last analysis on the government's willingness to abide by its promises to restore democratic institutions and to establish the foundations of a sound economy.

(Sgd) W. F. Bull

The Embassy

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SOUTH KOREA -- DIPLOMATIC RELATIONS

Diplomatic Relations (Before Military Revolution of May 16, 1961)

-- Embassies

U.S.A.
Republic of China
Britain
France
Germany
Italy
Philippines
Republic of Vietnam
Thailand
Turkey
Norway)
Denmark) Dual Accreditation from Tokyo
Sweden) 13

-- Korean Missions (Non-Diplomatic)

Japan
United Nations (New York)
United Nations (Geneva) 3

Diplomatic Relations (Since Military Revolution of May 16, 1961)

-- Embassies (Newly Established in Seoul)

Australia
Malaya
Mexico
* Brazil 4

* South Korea will establish an Embassy in Brazilia in the near future. Brazil has not yet opened its Embassy in Seoul but has agreed to do so. The Brazilian Ambassador to Tokyo remains accredited to Seoul.

-- Embassies (On Dual Accreditation Basis)

Netherlands
New Zealand
Belgium
Israel
Greece
Spain 6

Agreements on Exchange of Diplomatic Representation

-- Embassies

Nigeria
Libya
Congo (Brazzaville)
Paraguay
Argentina
Chile
Colombia
Nicaragua
Honduras
Luxembourg
Portugal 11

-- Consulates General

India
U.A.R.
Cambodia 3

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OUTGOING MESSAGE

FM: EMBASSY TOKYO	DATE	FILE		SECURITY	
	20 JUN 62	7-1-1		CONFD	
		INDEXED			
		NUMBER	PRECEDENCE	COMCENTRE USE ONLY	
TO: EXTERNAL		166	OPIMMED		
INFO: PERMISNY:WASHDC:LDN:EMBPARI5:NATOPARI5			OPIMMED		
CCOS					
KARACHI:DELHI:COLOMBO:KLUMPUR:JAKARTA:WLGTN:CNBRA			BAG FM LDN		

Ref.: OUR TEL 165 OF JUNE 18/62

Subject: SOUTH KOREA - CABINET CHANGES

FOLLOWING RESIGNATIONS ON JUNE 16 OF PRIME MINISTER SONG YO CHANG AND FINANCE MINISTER CHUN BYUNG KYU, KOREAN MILITARY REGIME ANNOUNCED MAJOR CABINET CHANGES ON JUNE 19. GENERAL PARK CHUNG HEE, THE CHAIRMAN OF THE SUPREME COUNCIL, HAS HIMSELF ASSUMED THE POST OF PRIME MINISTER, A FUNCTION WHICH HE WILL ASSIMILATE WITH THAT OF ACTING PRESIDENT. KIM HYUN CHUL, FORMER FINANCE MINISTER IN THE SYNGMAN RHEE REGIME, WAS APPOINTED VICE-PREMIER AND HEAD OF THE ECONOMIC PLANNING BOARD. THE PRESIDENT OF SEOUL INDUSTRIAL BANK, KIM SE RYUN, HAS BECOME FINANCE MINISTER AND LIEUT-GEN PARK IM HAND, A MEMBER OF THE SCNR, IS NOW CONSTRUCTION MINISTER. THE THREE REPLACED MINISTERS WERE NOT OUTSTANDING MEN. INFORMATION MINISTER OH CHAE KYUNG HAS BEEN REPLACED BY LEE WON WOO, UNTIL NOW VICE-MINISTER FOR INFORMATION.

2. THESE CHANGES AND THE DECISION OF THE COUNCIL TO HAVE GEN PARK TAKE THE JOB OF PRIME MINISTER, PROBABLY MEAN THAT THE COUNCIL WILL ATTEMPT TO TIGHTEN ITS CONTROL OVER THE ADMINISTRATIVE MACHINERY. LIKE OTHER

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ORIGINATOR	DIVISION	PHONE	APPROVED BY
JACQUES. DUPUIS			(Sgd) W. F. Bull
SIG. J. DUPUIS/B.A. KEITH/WD			SIG. BULL
NAME.....			NAME.....

- 2 -

BENEVOLENT AUTOCRATS, PARK AND HIS ASSOCIATES ARE FINDING THAT THEY MUST STRENGTHEN THEIR GRIP IN ORDER TO MAKE PROGRESS IN THE DIRECTION THEY DESIRE.

3. THERE HAD BEEN DISAGREEMENT WITHIN THE COUNCIL AND RESENTMENT OUTSIDE IT OVER THE MISMANAGEMENT OF THE CURRENCY REFORM ON JUNE 9, WHICH RESULTED IN CONFUSION, A DISRUPTION OF BUSINESS, AND A CONSIDERABLE LOSS OF PRESTIGE FOR THE SUPREME COUNCIL. COUNCIL MEMBERS ARE WORRIED ABOUT THE RESTIVENESS OF KOREAN STUDENTS WHOSE DEMONSTRATIONS ON JUNE 6 AND 8 IN FAVOUR OF A STATUS OF FORCES AGREEMENT WITH THE USA WERE ALSO INDIRECTLY INTENDED TO EXPRESS DISSATISFACTION WITH THE MILITARY GOVERNMENT.

4. THE USA EMBASSY IN SEOUL BELIEVES THAT NOT ONLY THE DRASTIC MEASURES THAT HAVE BEEN TAKEN BUT THE PROSPECT OF ELECTIONS NEXT YEAR, HAS INCREASED DISSENSION. POLITICAL COMPETITION IS ON THE INCREASE WITHIN THE COUNCIL AS WELL AS AMONGST FORMER POLITICAL GROUPS.

5. KOREA IS ENTERING A NEW PHASE IN WHICH COHESION OF THE MILITARY REGIME AND SUPPORT OF THE POPULATION FOR ESSENTIAL REFORMS ARE OF GREAT IMPORTANCE FOR THE SMOOTH TRANSITION TO A CIVILIAN FORM OF GOVERNMENT NEXT SPRING. HOWEVER, THE SITUATION IN KOREA IS BECOMING MORE CONFUSED AND THE PROGRESS OF THE COUNTRY TOWARDS A FUTURE OF POLITICAL AND ECONOMIC STABILITY, WHICH STILL APPEARED PLAUSIBLE A MONTH AGO, HAS NOW BECOME LESS CERTAIN.

Bull



Economic/Mr. Haffey

Referred to Far Eastern Division
Department of Finance
National Revenue (C.&E.)
Tokyo
Washington
File

X REF. ON 8-7-2-4

FM GENEVA JUN18/62 RESTD

June 19, 1962

TO EXTERNAL 1254 PRIORITY

INFO TANDC OTT

REF YOURTEL E1285 JUN13

SOUTHKOREA/ AND GATT

SOUTHKOREAN MINISTER IN GENEVA, HAHN-BEEN LEE, HAS DISCUSSED WITH GATT EXEC SEC POSSIBLE FUTURE INTEREST SOUTHKOREA MIGHT HAVE IN ESTABLISHING SOME LINK WITH GATT. HE ENQUIRED WHETHER HE COULD BE ACCORDED OBSERVER STATUS AT THE 20TH SESSION WITH A VIEW TO FAMILIARIZING HIMSELF WITH GATT ACTIVITIES. HE WAS TOLD THAT THIS WOULD HAVE TO BE DECIDED BY CPS WHEN 20TH SESSION OPENS OCT23.

2. IN CASUAL CONVERSATION FRI WE ASKED LEE WHETHER HIS GOVT HAD ANY INTEREST IN ESTABLISHING RELATIONS WITH GATT. HE REPLIED THAT HIS GOVT HAD TAKEN NO RPT NO POSITION YET BUT HAD AGREED TO HIS PROPOSAL THAT HE SHOULD FOLLOW GATT ACTIVITIES CLOSELY. ON THE BASIS OF THIS HE HAD ENQUIRED ABOUT OBSERVER STATUS AT 20TH SESSION.

3. LEE HAS SHOWN KEEN INTEREST IN GATT AND IS OBVIOUSLY ANXIOUS TO ENSURE THAT HIS GOVT IS MADE FULLY AWARE OF ADVANTAGES OF RELATIONSHIP WITH GATT IN SOME FORM. THE INITIATIVE APPEARS TO BE A PURELY PERSONAL ONE AND LEE HAS NO RPT NO WAY OF JUDGING WHICH WAY HIS GOVT MAY EVENTUALLY BE DISPOSED.

4. WE SAID THAT OBSERVER STATUS AT 20TH SESSION WAS A FORMALITY WHICH WOULD NO RPT NO DOUBT BE READILY APPROVED BY CPS AND THAT PERSONALLY WE WERE SURE THAT OUR GOVT WOULD WARMLY SUPPORT HIS APPLICATION.

5. AS YOU ARE AWARE, KOREA PARTICIPATED IN THE TORQUAY CONFERENCE. WE ARE INVESTIGATING DETAILS OF PREVIOUS KOREA-GATT LINKS AND WILL REPORT IN DUE COURSE. ****

Handwritten notes:
A. L. B.
m. O. L. L.
y. L. L.
B. K.

DEPARTMENT OF EXTERNAL AFFAIRS

7-1-1

OUTGOING MESSAGE INDEXED

FM TOKYO JUN18/62 CONFD

TO EXTERNAL 165 OPIMMED

INFO TT PERMISNY WASHDC LDN EMBPARIS NATOPARIS OPIMMED FM OTT

TT CCOS OTT OPIMMED FM OTT

BAG KARACHI DELHI COLOMBO KLUMPUR JAKARTA WLGTN CNBRA FM LDN

SOUTHKOREA-CURRENT DEVELOPMENTS

SOUTHKOREAS PRIME MINISTER SONG YO CHANG AND FINANCE MINISTER CHUN BYUNG KYU RESIGNED FROM THE CABINET ON JUN16 AMID REPORTS OF GROWING DISHARMONY AMONG PERSONALITIES AND FACTIONS OF THE MILITARY REGIME; OF INCREASING ECONOMIC CONFUSION RESULTING FROM SWEEPING CURRENCY REFORMS AND OF AGITATION BY FORMER POLITICAL PARTIES AND STUDENTS.

2.THE RESIGNATIONS WOULD BE OF LITTLE SIGNIFICANCE IF THEY WERE NOT RPT NOT INDICATIVE OF AN ATMOSPHERE OF PROFOUND UNEASINESS ON THE KOREAN DOMESTIC SCENE.IN SPITE OF HIS EFFORTS TO INTERVENE IN POLICY MATTERS,PRIME MINISTER SONG HAD REMAINED MUCH OF A FIGUREHEAD AND WAS GENERALLY REGARDED AS A LIGHT WEIGHT WITH AN ANTI-AMERICAN BIAS. HOWEVER,HE MAY BE IN A POSITION TO PERSUADE OTHER CABINET MEMBERS TO ALSO RESIGN IN SPITE OF THE JUNTAS EFFORTS TO RETAIN THEM.

3.THESE RESIGNATIONS MAY ALSO AGGRAVATE COMPETITION AND BICKERING AMONG RIVAL FACTIONS OF THE MILITARY JUNTA AND EXACERBATE DIFFERENCES AMONG THEM ON FUNDAMENTAL ECONOMIC AND POLITICAL REFORMS.ACCORDING TO USA OFFICIALS IN TOKYO,RECENT REPORTS FROM THE USA EMB IN SEOUL, DISSENSIONS WITHIN THE JUNTA HAVE REACHED A DISQUIETING LEVEL IN RECENT WEEKS.FOR EXAMPLE,ON JUNG A PLAN ANNOUNCED EARLIER BY GEN PARK TO PURGE KOREAS JOURNALISTS WAS CALLED OFF,PARTLY BECAUSE OF PROTESTS FROM FRIENDLY COUNTRIES BUT ALSO BECAUSE OF OPPOSITION OF JUNTA MEMBERS WHO FEARED REPERCUSSIONS BOTH AT HOME AND ABROAD.

4.OUR ASSESSMENT OF THESE RESIGNATIONS IS THAT THEY ARE NOT RPT NOT OF GREAT IMPORTANCE IN THEMSELVES BUT MATTER ONLY TO THE EXTENT THAT THEY INDICATE THAT THE MILITARY COUNCIL IS HAVING DIFFICULTY AT THE UPPER ECHELONS OF LEADERSHIP AS WELL AS IN GAINING PUBLIC ACCEPT-

PAGE TWO 165

ANCE FOR ITS POLICIES. GENERAL SONG WAS ESSENTIALLY A CEREMONIAL FIGURE AND IN FACT ONE OF THE REASONS FOR HIS RESIGNATION WAS THE REFUSAL OF THE SUPREME COUNCIL TO GIVE HIM MORE AUTHORITY. SOME MEMBERS OF THIS EMB HAVE MET HIM AND HAD THE FEELING THAT HE WAS A MAN WHO WOULD VERY MUCH LIKE TO WIELD GREAT AUTHORITY AND NOT RPT NOT NECESSARILY IN A WAY THAT WOULD BE IN THE BEST INTERESTS OF KOREA. THE NEXT STEP WILL BE FOR GEN PARK TO APPOINT SUCCESSORS TO THESE POSTS FROM MILITARY CANDIDATES AVAILABLE. THIS SITUATION TOGETHER WITH TWO WAVES OF ARRESTS RECENTLY DIRECTED AGAINST PLOTTERS AND A NUMBER OF OTHER DEVELOPMENTS ARE INDICATIVE OF THE TROUBLES THE SUPREME COUNCIL IS HAVING AND ADD UP TO A LESS OPTIMISTIC OUTLOOK THAN WAS POSSIBLE AS LITTLE AS A MONTH AGO.

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DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OUTGOING MESSAGE

FM: HMB TOKYO	DATE	FILE		SECURITY	
	JUN7/62	-7-1-1		CONFID	
		INDEXED			
TO: EXT OTT	NUMBER	PRECEDENCE		COMCENTRE USE ONLY	
	159	OPINION			
INFO:					

Ref.: **CURTEL 140 OF MAY24/62**
Subject: **SOUTH KOREA -- INTERNAL DEVELOPMENTS**

SOUTH KOREA'S MILITARY REGIME ANNOUNCED ON JUN1 THE ARREST OF 41 PERSONS ON CHARGES OF PLOTTING A COUP D'ETAT FOR JUN13 AND THE ASSASSINATION OF MEMBERS OF THE MILITARY JUNTA. IN DISCLOSING THE PLOT KIM CHONG PIL, CHIEF OF THE CENTRAL INTELLIGENCE AGENCY, STATED THAT MOST OF THE CONSPIRATORS INCLUDING THEIR LEADER FORMER SEOUL MAYOR ^{KIM SANG DON} WERE MEMBERS OF THE DEMOCRATIC PARTY AND SUPPORTERS OF FORMER P.M. JOHN II. CHUNG. HE ALSO DECLARED THAT THE PLOT WHICH WAS FIRST UNCOVERED LAST NOV BY CIA HAD BEEN ALLOWED TO DEVELOP FREELY IN ORDER TO PERMIT THE GOVT TO FURTHER INVESTIGATE ALL POSSIBLE RAMIFICATIONS. KIM ~~SAO~~ CLAIMED THAT THE PLOTTERS HAD COMPLETELY FAILED IN THEIR EFFORTS TO ENLIST THE SUPPORT OF ARMY ELEMENTS AND ~~HAD RELIED~~ ^{INTENDED TO RELY} MAINLY ON HOODLUMS TO HELP THEM CARRY OUT THE COUP. THEIR ULTIMATE OBJECTIVE WAS THE ESTABLISHMENT OF A CIVILIAN GOVT BY AUG15, SOUTH KOREA'S INDEPENDENCE DAY.

2. IN CONVERSATION THIS WEEK WITH US OFFICIALS HERE WE LEARNED THAT THE US EMBASSY IN SEOUL HAS BEEN UNABLE TO CONFIRM THE DETAILS OF THE ANNOUNCEMENT ISSUED BY THE MILITARY REGIME. ON THE OTHER HAND THERE IS LITTLE DOUBT THAT A REAL

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CONSPIRACY HAS BEEN UNCOVERED ALTHOUGH THE MILITARY GOVT MAY BE TEMPTED TO EXAGGERATE ITS SCALE IN AN ATTEMPT TO FURTHER DISCREDIT THE POLITICIANS IN THE EYES OF KOREAN PUBLIC OPINION. IN THIS CONNECTION US OFFICIALS POINT OUT THAT THE KOREAN GOVT HAS UNTIL NOW REFUSED TO DISCLOSE THE NAMES OF 27 OF THE CONSPIRATORS AND SUSPECT THAT THE MILITARY JUNTA MAY ATTEMPT TO IMPLICATE IN THE CONSPIRACY PROMINENT POLITICAL FIGURES WHO WERE NOT REALLY INVOLVED IN IT. IT IS EXPECTED THAT THE MILITARY REGIME WILL DEMAND THE DEATH PENALTY AGAINST THE LEADERS OF THE PLOT AS A WARNING TO OTHER GROUPS WHO MIGHT BE TEMPTED TO CONSPIRE AGAINST THEIR RULE.

BULL

DEPARTMENT OF EXTERNAL AFFAIRS
OUTGOING MESSAGE

INDEXED

ORIGINAL ON 8-7-3-1

FILE 8-7-3-1

CC: 7-H

FM TOKYO JUN4/62 CONFD

TO EXTERNAL 153 PRIORITY

INFO TT EXTAID OTT TANDC OTT PRIORITY FM OTT

TT LDN WASHDC OECDPARIS PRIORITY FM OTT

FINANCE OTT PRIORITY FM OTT

BAG DELHI KARACHI COLOMBO KLUMPUR JAKARTA CNBRA WLGTN FM LDN

REF OURTEL 272 AUG17/61

COLOMBO PLAN-SOUTHKOREAN MEMBERSHIP

IN CONVERSATION WITH ME ON MAY31, KOREAN AMBASSADOR EI WHAN PAI CONFIRMED THAT SOUTHKOREA INTENDS TO BE REPRESENTED BY OBSERVERS AT THE COLOMBO PLAN CONSULTATIVE CTTEE MTGS WHICH WILL BE HELD IN MELBOURNE IN NOV. FROM THIS CONVERSATION AS WELL AS TALKS I HAD IN SEOUL WITH MEMBERS OF KOREAN GOVT DURING MY VISIT TO KOREA, I GAINED THE IMPRESSION THAT THEIR HOPE IS THAT THE PRESENCE OF OBSERVERS IN MELBOURNE WILL PAVE THE WAY FOR SOUTHKOREAS ADMISSION AS FULL MEMBER OF COLOMBO PLAN IN 1963. KOREANS ARE AWARE OF OBJECTIONS RAISED AT KLUMPUR MTG LAST FALL BY INDONESIA AND CEYLON. IN THIS CONNECTION PAI MENTIONED TO ME THAT IN VIEW OF RECENT RAPPROCHEMENT BETWEEN HIS COUNTRY AND INDONESIAN GOVT, THERE IS CHANCE THAT LATTER WILL CHANGE ITS POSITION AND SUPPORT KOREAS MEMBERSHIP.

2. AMBASSADOR PAI AND OTHER KOREAN OFFICIALS WITH WHOM I HAVE DISCUSSED THIS SUBJECT HAVE EXPRESSED THE HOPE THAT CDA WILL GIVE ITS POSITIVE SUPPORT TO SOUTHKOREAS BID FOR ADMISSION TO COLOMBO PLAN. I WOULD SUGGEST THAT WE DISCREETLY USE WHATEVER INFLUENCE WE HAVE WITH RECIPIENT COUNTRIES DURING FORTHCOMING MONTHS TO OPEN DOOR FOR KOREAS ADMISSION. I REALIZE THAT KOREAS ENTRY MIGHT CHANGE REGIONAL CHARACTER OF ORGANIZATION. ON THE OTHER HAND, COMMUNISM HAS NO RPT NO FRONTIERS, AND IT IS CERTAINLY IN INTEREST OF WESTERN COUNTRIES TO ENCOURAGE THE PRESENT MILITARY REGIME IN KOREA IN ITS EARNEST EFFORTS TO SAVE THE COUNTRY FROM ECONOMIC AND SOCIAL DISINTEGRATION

BULL

JACQUES DUPUIS

(Sgd) 000013

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

File

OUTGOING MESSAGE

FM: EMB TOKYO	DATE MAY 24 1962	FILE 7-1-1		SECURITY CONFID	
	INDEXED				
	NUMBER 140		PRECEDENCE PRIORITY		COMCENTRE USE ONLY
TO: EXT OTT					
INFO:					

Ref.:

Subject: KOREA - FIRST ANNIVERSARY OF THE REVOLUTION

1. TO MARK FIRST ANNIVERSARY OF MILITARY REVOLUTION ON MAY 16 THE KOREAN GOVT DECLARED A SERIES OF HOLIDAYS AND ARRANGED PARADES AND CEREMONIES. ACTING PRESIDENT PARK ORDERED AMNESTY FOR SOME 29 THOUSAND PRISONERS WHO HAD COMMITTED OFFENSES UNDER REGIMES PREVIOUS TO MAY 15/61.
2. G.A. COWLEY, SECOND SECRETARY OF THIS MISSION, WAS IN SEOUL TO ATTEND KOREAN FILM FESTIVAL, WITNESSED CELEBRATIONS IN TWO CITIES AND HAD DISCUSSIONS WITH KOREAN MINISTER OF INFORMATION AND OTHER OFFICIALS. IT WAS HIS IMPRESSION THAT THE MILITARY GOVT'S ZEAL AND HONESTY WERE AT LAST BEGINNING TO HAVE SOME INFLUENCE ON THE COMMON PEOPLE. REVOLUTION DAY RALLIES WERE GENERALLY WELL ATTENDED WITH 35,000 PEOPLE OVERFLOWING SEOUL STADIUM CELEBRATIONS. IN A NATION LONG EXPOSED TO PARADES REVOLUTION DAY MARCHES NONETHELESS DREW GOOD SUPPORT. NO MANIFESTATIONS OF OPPOSITION OF ANY SORT WERE NOTICEABLE. THE PRESS IN GENERAL REPORTED THE ANNIVERSARY AND CARRIED FULL TEXTS OF SPEECHES

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SIG..... NAME... G.A. Cowley/D.A. Keith/ja			(Sgd) B W FL Bull SIG..... NAME.....

- 2.

BY PARK AND PREMIER YO CHANG SONG WITHOUT COMMENT. SOME KOREAN PAPERS REFERRED TO PARK AS QUOTE MILITARY STRONG MAN AND SELF-APPOINTED PRESIDENT UNQUOTE WHICH IS AS CLOSE TO CRITICISM AS GOVT POST FACTO CENSORSHIP PERMITS. THE WEIGHT OF INTELLECTUAL OPINION, HOWEVER, SEEMED FAVOURABLE TO PARK AND CONSIDERED THAT ELECTIONS AT THIS TIME WOULD BE PREMATURE.

3. INFORMATION MINISTER CHAE KYUNG OH TOLD THE SECOND SECRETARY THAT THE MOST IMPERATIVE NEED FOR KOREA WAS THE RE-ESTABLISHMENT OF PATRIOTISM AND PRIDE IN THE COUNTRY. HE OUTLINED PLANS TO CREATE A TRAINING CENTRE TO RE-EDUCATE NEWSMEN TO IMPROVE THE QUALITY OF THEIR WORK.

4. IN CONVERSATION WITH STUDENT GROUPS SECOND SECRETARY FOUND GENERAL SATISFACTION WITH PARK REGIME PROGRESS. REGIME WAS CONSIDERED SOMEWHAT INSENSITIVE AND EXCESSIVELY AUTHORITARIAN BUT STUDENTS RECOGNIZED THAT NO ADEQUATE ALTERNATIVE COULD BE IMAGINED IN NEAR FUTURE AT LEAST.

5. RELATIONS WITH CANADA CONTINUE TO BE OF INTEREST TO GOVT LEADERS IN KOREA. AT A RECEPTION PARK SINGLED OUT OUR REP AND EXPRESSED THE HOPE THAT CDA WOULD SOON CONSIDER ESTABLISHMENT OF DIPLOMATIC REPRESENTATION IN SEOUL.

6. PARK WARNED OF NEED FOR CONTINUED AUSTERITY AND URGED THE PEOPLE TO SUFFER TODAY WILLINGLY FOR THE HAPPINESS OF TOMORROW. HE SAID THE TRANSFER TO CIVILIAN GOVT WOULD BE REALIZED MUCH EARLIER WITH ALL THE PEOPLE PARTICIPATING IN THE REVOLUTION.

7. IN A SEPARATE MESSAGE DIRECTED TO OTHER COUNTRIES, PARK SAID IT WAS GOOD THAT THE REASONS BEHIND THE REVOLUTION HAD BECOME WELL KNOWN AND HE APPRECIATED THE UNDERSTANDING AND SUPPORT RECEIVED FROM ABROAD. HE ASSURED ALL FOREIGN FRIENDS THAT HE WAS DETERMINED TO LAY THE FOUNDATION FOR A NEW AND WORKABLE DEMOCRACY. WHEN THIS WAS DONE THE MILITARY GOVT WOULD PHASE OUT OF EXISTENCE, LEAVING IN ITS PLACE A GOVT THAT WOULD BE EFFICIENT AND INCORRUPTIBLE.

8. WE FOUND IN PARK'S FORMAL STATEMENTS ON THE ANNIVERSARY, THE SAME MIXTURE OF ZEAL AND OVER-SIMPLIFICATION THAT HAS CHARACTERIZED HIS EARLIER APPROACH. THERE IS STILL A GAP BETWEEN THE HEROIC TASKS OF DEVELOPMENT AND IMPROVEMENT CHARTED BY PARK AND THE ACTIONS OF THE PEOPLE AT LARGE, WHO ARE SOMEWHAT RELUCTANT HEROES.

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BULL

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: The Canadian Embassy
Tokyo, Japan

Reference: Our Telegram 128 of May 4, 1962

Subject: South Korea -- Internal Situation

Security: Confidential

No: 325

Date: May 17, 1962

Enclosures:

Air or Surface Mail: air

Post File No: 7-1-1

Ottawa File No.

References

My visit to Korea from April 21 to April 30 provided me with a good opportunity to familiarize myself with the economic, social and political conditions in that country and to acquire a first-hand knowledge of the efforts made by the military regime to regenerate the nation. In this report I should like to set forth some of the views I have formed from my talks with members and officials of the Government, foreign representatives and Canadian residents, as well as from the personal observations I was able to make both in the capital city and during my visits to Panmunjom, Pusan and Mokpo.

2. My first impression of Korea was that of a poor land, barren and rugged, which in spite of its scenic beauty is lacking in natural resources and has suffered from centuries of neglect, over-cropping and erosion. As I saw more of the cities and villages, I came to realize the magnitude of the problems with which the Korean military government has to contend. The basic poverty of the country has been aggravated by decades of Japanese domination during which the Koreans relied mainly on the occupants to keep the country going; by years of maladministration since the liberation in 1945; and by the devastation left by one of the most destructive of civil wars. I saw very little evidence of the fact that Korea has received nearly \$2 billion in economic aid since the end of the Korean conflict. Korean agriculture remains very primitive. The country lacks basic industries and, according to the U.S. Ambassador, those industries which exist often function at only 50 to 60 per cent of their production capacity.

3. Conservative estimates place the total number of unemployed at 2,900,000 and under-employment, which is particularly widespread in rural areas, is said to affect an additional 4,000,000 Koreans. I was told by the local authorities both in Mokpo and Pusan that 50 per cent of the labour force in those cities were idle. Over-population has also remained an intractable problem. Not only has South Korea been unable to absorb the thousands of refugees who swarmed south during the Korean War but the country is confronted with the problem of a natural population increase of more than three per cent a year.

4. To a Canadian observer social and health conditions seem appalling. More than 300 villages are without doctors or any medical facilities and conditions in those public medical institutions I was able to visit are incredibly squalid and primitive. I was told by a Canadian doctor who has been in Korea for more than a decade that as a result of malnutrition and low sanitation standards, such diseases as leprosy are still relatively widespread and that there are few Koreans who are not affected by tuberculosis at one time or another during their lives. Housing is a major problem in the cities where thousands of people, including a large number of abandoned children and orphans, are crowded in shacks, improvised tents or are simply living in the streets.

Internal
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5. In the political field, the Korean people, who have to fight for their daily subsistence, still have a long way to go before they attain the level of economic well-being which would permit a true understanding of democratic ideals. The Koreans have, in addition, inherited a rigid social structure in which veneration for age, and loyalty to the family or to a clan still take priority over the sense of common good and the patriotic objectives which would give some cohesion to the nation. Concepts of public morality are non-existent and corruption, bribing and gambling seem to have been a well-entrenched part of the Korean way of life. In those circumstances, democracy has been a tool in the hands of corrupt businessmen, politicians, officials and village headmen to perpetuate the system of corruption and to exploit the democratic machinery to their own ends. In the eyes of observers like the French Ambassador and the U.S. Ambassador who know Korea well, it is difficult to find any historical parallel to describe the state of social and political anarchy in which Korea found itself in the months that preceded the military take-over in May 1961.

6. All observers of the Korean scene with whom I have talked during my trip agree that there has been a remarkable improvement in all fields since the military take-over. Through a series of short-term measures, the military junta has managed to restore some order in the administration and in the economy. The administrative machinery has been revamped and service officers have been placed in key positions in most ministries and government agencies. Public finances have been completely reorganized and for the first time all branches of administration have had to justify their budgetary estimates which have been carefully screened. The Government has been severe in the repression of corruption, bribing and smuggling and there are today many indications that efforts in that direction are proving effective. The U.S. Ambassador told me, for instance, that regular checks on U.S. supplies in Korea clearly showed that black-market operations in which U.S. servicemen were involved were reduced in less than eight months to insignificant proportions. As a further illustration, the French Ambassador mentioned to me that the disappearance of American cigarettes from the market has meant that Korea, which had exported 8,000 tons of tobacco leaf in 1961, may now have to import some raw tobacco this year to meet domestic consumption. Agriculture has benefitted from the administrative improvements. Thus, for example, fertilizer was distributed at the right time throughout the country by army vehicles last year with the result that Korea had one of its best rice crops of the century.

7. The significance of the military revolution is, however, even more profound than these administrative measures would suggest. To use the words of U.S. Ambassador Samuel D. Berger, it is a "real revolution" which had been planned by the leaders of the military junta as early as the winter of 1960 when they decided to unseat the Syngman Rhee regime. The military coup had to be postponed when the student uprising led to the creation of a democratic government in April 1960. Between that time and May 1961 when the military group seized power, General Park Chung Hee and his colleagues carefully prepared all phases of the revolutionary reforms which they felt were needed to restore the country. They had a clear view of the "revolutionary tasks" which they hoped to accomplish and their objective was the economic, social and political regeneration of the Korean nation.

8. Through the five-year economic programme, which was introduced at the turn of the year, the regime plans to establish the foundation of a self-sustaining economy by 1966. The primary emphasis on the plan is on rural development and the improvement of agricultural methods. In a conversation with me, Prime Minister Song Yo Chan stressed that farmers constitute 72 per cent of the total Korean population and mentioned the danger of communism attracting the rural class if determined efforts are not made to improve their lot. He also emphasized that the great majority of the 600,000 members of the Korean army are farm boys whose morale and loyalty could be seriously affected if farmers continued to live in poverty and hunger. The five-year plan also calls for rapid expansion in the exploitation of power resources and for the creation of such essential industries as fertilizer plants, cement plants and a steel mill. To achieve this industrial development, the Government hopes to receive \$680 million in foreign capital assistance during the next five years. The Koreans realize that the servicing of the national debt, which will be accumulated during the period, may constitute a considerable burden but they point out

that by 1966 Korean industries will meet domestic consumption in several fields and that the country will no longer rely, as it does now, on U.S. grants to finance essential imports.

9. The military regime has also launched long-term reforms in the social field. The most important of these is undoubtedly the establishment throughout the country of "family planning" centres where birth control methods are taught in order to limit Korea's natural population increase. The Government's birth control drive is, unfortunately, not very popular and according to the French Ambassador, Korea's population may reach a total of 30 million before the effect of public education campaigns in this field is felt. The great difficulty faced by the military regime in the field of public health is the shortage of doctors and medical facilities in rural areas. A plan is now being considered to induce young doctors who would normally receive a salary of some \$40 a month in city hospitals to practice their profession in villages for a higher salary. The Government hopes that with the help of competent nurses, some of these doctors could establish mobile medical units which could visit remote rural areas where the absence of any medical care has hindered the improvement of health conditions.

10. In the political field the military junta resorts alternatively to persuasion and severity in ruling the country. As an example, South Korea remains under martial law but the Government lifted the curfew in Seoul and other large cities on the occasion of the ten-day festivities which are marking the first anniversary of the military revolution. The Special Revolutionary Tribunal created last fall has just completed the trials of some 700 persons, eight of whom have been executed. In most cases the sentences passed by the court were probably justified and the Government has shown leniency in reducing jail sentences and commuting the death sentences rendered against such prominent enemies of the regime as General Chang Do Young. Chang was the first leader of the revolutionary junta but there is strong evidence that he had attempted to hinder the coup d'état prepared by his military colleagues. According to the U.S. Ambassador, the severity of the repressive measures taken by the Government is often misunderstood abroad. As he put it to me, hundreds of people are plotting against the military government all the time and, on the whole, the regime appeals to the better feelings of the people in trying to enlist their support. The regime is particularly unpopular among those classes of the population who have lost the privileged position and status which they enjoyed under previous administrations. The labour unions which used to be nests of communist agitation, businessmen and former politicians in the cities, and headmen and usurers in the villages are doing their best to hinder the progress of the social and economic reforms which the Government wants to implement. Several former politicians have complained to the U.S. Ambassador about the lack of basic freedom in present-day Korea and would like the U.S. Government to use its influence to force a return of democratic order in Korea.

11. I found a striking similarity in the views expressed by various foreign representatives in Seoul on the political future of South Korea. All agreed that a return to democracy as it was practiced before the military take-over would also mean a return to the chaotic situation which existed at the time. In this connection, the French Ambassador recalled that the John M. Chang regime, which had been elected in a completely free election by a 75 per cent majority of the popular vote in May 1960, had found itself unable to govern after a few months in power. In his opinion, the country had during this period reached a stage where the Communists might readily have seized power.

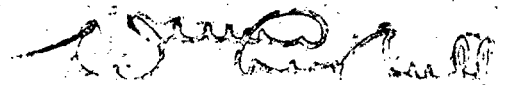
12. The Chairman of the Military Supreme Council, General Park Chung Hee, has repeatedly promised that free elections would be held in the summer of 1963. However, he has qualified this statement by saying that the military regime would ensure that its plans and reforms would be carried out by the civilian administration which would succeed it. Determined as they are to save their revolution at all costs, the military junta is now engaged in the difficult task of finding a formula which would permit them to retain control over Korea's destiny and would, at the same time, allow a legally-elected civilian government to operate under their direction.

13. There is a great deal of soul-searching in Seoul at the present time concerning the form which the future government should take. Under the recent

- 4 -

1. Political Purification Law the Government has already moved to bar some 4,000 former politicians and officials from politics until 1966. Some 3,000 of these have now applied to be screened by a committee of the Supreme Council but according to Western representatives in Seoul, it is a forgone conclusion that at least as many as 1,000 will not be allowed to engage in political activities. At the present time it does not seem likely that members of the military government would risk to run in the elections since, according to the U.S. Ambassador, General Park is convinced that his regime would never be elected in a free election. The Government is earnestly endeavouring to build up mass support for the revolution throughout the country. This is done mainly through the National Reconstruction Movement and the Youth Corps. These movements are particularly active in rural areas and most of their members are recruited among the 200,000 soldiers who return to civilian life each year after completing their military service. It is the hope of the Government that these young people who, in general, share the military regime's determination to change the economic and social structure of the country, will one day be in a position to lay the foundation of a new social and democratic order. This objective is a long way off however and most foreign observers in Seoul believe that the military government will have to work out a transitional political system under which they will remain in charge of the country.

14. On the basis of my experience in Korea, I would subscribe to the opinion expressed by Western diplomats who have told me that there is no satisfactory alternative in sight to the military rule which represents South Korea's last chance to survive as a nation. All believe that the Korean army is the only group in Korea which has the experience, the strength and the moral determination that are necessary to regenerate the country in the economic, political and social fields.



The Ambassador



KOREAN MISSION IN JAPAN

TOKYO

Tel. 451-8206

14 May 1962

Following is the text of a message to the friends of Korea issued by General Chung Hee Park, Chairman of the Supreme Council for National Reconstruction acting as President of the Republic of Korea, on the first anniversary of the May 16 Revolution:

Today is the first anniversary of the military revolution in Korea. I am happy to observe that today, only one year after that memorable event, the reasons which made the revolution inevitable - and, indeed, essential - are now well known to the nations of the free world.

It is, therefore, a privilege for me to thus publicly express to those nations the thanks of the government and the people of Korea for their tolerance and wise understanding of developments which might otherwise have been capable of misinterpretation.

Since the long suppressed truth about past conditions in Korea has become widely known, we have been cheered by the expressions of sympathy and support which have come to us from so many of the free world nations. On behalf of the government and the people of Korea, I assure all of our foreign friends, both at home and abroad, that we are determined to lay the foundations for a new and workable democracy which shall be (if I may quote the words of the immortal Abraham Lincoln) "of the people, by the people, and for the people."

Having accomplished this within the time limits already established, the military revolutionary government will phase out of existence, leaving as its heritage to the future a new, efficient, and incorruptible government which will guarantee liberty and justice under law, and provide a better economic, social and political way of life for all of our people.



KOREAN MISSION IN JAPAN

TOKYO

Tel. 451-8206

14 May 1962

Following is the text of a message to the United Nations Forces issued by General Chung Hee Park, Chairman of the Supreme Council for National Reconstruction acting as President of the Republic of Korea, on the first anniversary of the May 16 Revolution:

On this first anniversary of the military revolution in Korea, I salute our gallant comrades-in-arms of the United Nations forces.

We Koreans will never forget the heroism displayed by the officers and men of the 16 United Nations Allies who fought for our liberty against invading Communist forces sworn to the destruction of human liberty - not only in Korea, but elsewhere in the world.

The ideals of liberty and justice for which we all fought are and will remain the guiding principles of this government. We are doing everything in our power to insure that these principles are translated into reality, so that a better way of life will prevail for all of our citizens.

I greatly appreciate the good will and support demonstrated by the United Nations forces in Korea, and I assure them that their confidence in us has not been misplaced.

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MINISTRY OF FOREIGN AFFAIRS

<u>Name</u>	<u>Position</u>	<u>Telephone</u>
CHOI, Duk Shin	Minister of Foreign Affairs	8-3050
LEE, Won Kyung	Vice Minister of Foreign Affairs	8-1162
LEE, Chang Hee	Special Assistant to the Minister	8-3040
KIM, Young Choo	Director for Planning and Coordination	8-3080
PAIK, In Han	Chief of Protocol	2-7526
MOON, Hi Chul	Chief, Administrative Affairs Section	2-0216
MOON, Chul Soon	Director, Bureau of Political Affairs	8-3051
OHM, Young Dal	Chief, Asia Section	2-1952
RHIE, Moon Yong	Chief, America Section	8-3052
PARK, Dai Young	Chief, Europe and Africa Section	
PHYUN, Houhn	Chief, Overseas Residents Section	
CHYUN, Sang-jin	Director, Bureau of International Relations	2-3590
LEE, Bum Suk	Chief, International Organization Section	2-9205
LHO, Shin Yong	Chief, Treaty Section	2-8434
KANG, Yung Kyoo	Chief, Cultural Section	2-1954
LEE, Kew Sung	Director, Bureau of Economic Affairs	2-0951
KIM, Chin Ha	Chief, Economic Cooperation Section	2-1953
YOON, Ha Jong	Chief, Trade Promotion Section	2-1374
MOON, Chong Yul	Chief, Economic Research Section	
CHUNG, Kyu Sup	Director, Bureau of Informations	2-7429
	Chief, First Section	
	Chief, Second Section	
	Chief, Third Section	
CHANG, Jae Yong	Director, Bureau of Documentation and Service	2-7318
PARK, In Soo	Chief, Archives Section	
HONG, Soo Hee	Chief, Passport and Visa Section	
CHUN, Byong Ho	Chief, Communications Section	
Foreign Ministry Switchboard		2-2161/5

DEPARTMENT OF EXTERNAL AFFAIRS

OUTGOING MESSAGE

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SOUTHKOREA - CURRENT DEVELOPMENTS

DURING MY RECENT TRIP TO KOREA I WAS ABLE, THROUGH PERSONAL OBSERVATIONS AND SEVERAL TALKS WITH SENIOR OFFICIALS AND FOREIGN REPS, TO FORM GENERAL IMPRESSIONS ON THE CURRENT SITUATION IN THAT COUNTRY. THESE ARE SUMMARIZED IN THE FOLLOWING PARAS.

2.1 WAS IMPRESSED WITH THE MAGNITUDE OF THE ECONOMIC, SOCIAL AND POLITICAL PROBLEMS WHICH CONFRONT THE MILITARY GOVT. SOUTHKOREA IS POOR IN NATURAL RESOURCES AND IN SPITE OF THE LARGE INFLOW OF FOREIGN AID SINCE THE END OF THE KOREAN WAR, ITS INDUSTRY AND AGRIC HAVE REMAINED IN A STATE OF ALMOST COMPLETE STAGNATION. SOCIALLY, SOUTHKOREA HAS HARDLY BEGUN TO HEAL THE SCARS LEFT BY A DEVASTING WAR: 300 VILLAGES ARE WITHOUT DOCTORS OR ANY MEDICAL FACILITIES AND THOUSANDS OF PEOPLE INCLUDING ORPHANS AND ABANDONED CHILDREN STILL LIVE IN THE STREETS. 2.8 MILLION KOREANS ARE UNEMPLOYED AND AN ESTIMATED 4 MILLION ARE UNDER-EMPLOYED. IN PUSAN AND MOKPO HALF OF THE LABOUR FORCE IS UNEMPLOYED. IN THE POLITICAL FIELD THE KOREAN PEOPLE HAVE BEEN TOO IMMERSSED IN THE DAILY STRUGGLE FOR LIFE TO BECOME POLITICALLY CONSCIOUS. AS A RESULT DEMOCRACY AND FREE ENTERPRISE HAVE NEVER BECOME INSTRUMENTS OF POLITICAL AND ECONOMICAL DEVELOPMENT FOR THE PEOPLE BUT RATHER HAVE BEEN EXPLOITED BY CORRUPT POLITICIANS, OFFICIALS AND BUSINESSMEN FOR THEIR OWN PURPOSES.

3. THE MEN WHO NOW COMPOSE THE MILITARY REGIME ARE FULLY AWARE OF THE GIGANTIC TASK THEY HAVE UNDERTAKEN. THEY CAREFULLY PREPARED ALL PHASES OF THEIR REVOLUTION AS EARLY AS THE BEGINNING OF 1960 WHEN SYNGMAN RHEE WAS STILL IN POWER. THEIR OBJECTIVE IS NOTHING LESS THAN THE TRANSFORMATION OF THE NATIONAL CHARACTER OF THE KOREAN PEOPLE,

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JACQUES. DUPUIS

(Sgd) W. F. Bull
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PAGE TWO 128

THE REFORMATION OF SOCIAL STRUCTURE AND THE ESTABLISHMENT OF A MODERN ECONOMY. ALL FOREIGN OBSERVERS I HAVE MET, INCLUDING SOME WHO ADMIT TO HAVING BEEN OPPOSED AT FIRST TO THE MILITARY RULE, APPEAR TO HAVE COME TO THE CONCLUSION THAT IN SPITE OF CERTAIN INEVITABLE MISTAKES, THE REGIME LED BY GEN PARK CHUNG HEE HAS DONE MORE TO REESTABLISH THE COUNTRY IN ONE YEAR THAN PREVIOUS ADMINS HAD DONE IN THE 15 YEARS WHICH FOLLOWED THE END OF THE JAPANESE OCCUPATION. CORRUPTION HAS BEEN ALMOST ERADICATED; SOME ORDER HAS BEEN RESTORED IN THE ECONOMY AND THE GOVT IS VIGOROUSLY LAUNCHING ESSENTIAL ECONOMIC AND SOCIAL REFORMS WHICH HAVE IN GENERAL BEEN CAREFULLY THOUGHT OUT.

4. BECAUSE THEIR REVOLUTIONARY PLANS RUN COUNTER TO SECULAR KOREAN TRADITIONS, MEMBERS OF THE MILITARY GOVT ARE PREPARED TO ADMIT TO A GREAT DEAL OF OPPOSITION TO THEIR RULE. ACCORDING TO THE USA AMB, THE RESISTANCE IS PARTICULARLY EVIDENT AMONG BUSINESSMEN, POLITICIANS AND VILLAGE HEADMEN WHO WERE THE PRIVILEGED CLASSES IN THE PAST. THE REGIME IS RESORTING TO A MIXTURE OF STERN MEASURES AND APPEALS TO PATRIOTISM IN ORDER TO LEAD THE KOREANS TO A NEW LIFE. FIRMNESS IS OFTEN TEMPERED WITH LENIENCY. THUS THE DECREE BARRING AS MANY AS 4,000 POLITICIANS AND OFFICIALS FROM ALL POLITICAL ACTIVITIES UNTIL 1966 HAS BEEN COUNTER-BALANCED BY A DECISION TO GRANT AMNESTY TO GEN CHANG DO YOUNG AND OTHERS WHO HAD PLOTTED AGAINST THE MILITARY GOVT.

5. IN AN EFFORT TO BUILD UP SUPPORT FOR THE REVOLUTION, THE JUNTA, IS TO SOME EXTENT FORCED TO RESORT TO A CERTAIN AMOUNT OF REGIMENTATION, PARTICULARLY OF THE YOUTH AMONG WHOM THEY HOPE TO DEVELOP ENTHUSIASM FOR THE IDEA OF A NEW LIFE. THIS IS A LONG-TERM OBJECTIVE, HOWEVER, AND GEN PARK CHUNG HEE RECENTLY TOLD THE USA AMB THAT HE FELT CERTAIN THAT HIS GOVT WOULD BE DEFEATED IN A FREE ELECTION.

6. DETERMINED AS IT IS TO SAVE THE REVOLUTION AT ALL COSTS, THE MILITARY REGIME IS AT PRESENT ENGAGED IN THE DIFFICULT TASK OF WORKING OUT A FORMULA WHICH WOULD PERMIT A RETURN TO SOME FORM OF DEMOCRACY

...3

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BY THE SUMMER OF 1963 BUT WHICH WOULD, AT THE SAME TIME, ENABLE THE MILITARY JUNTA TO RETAIN OVERALL CONTROL OVER SOUTH KOREA'S DESTINIES. THIS FORMULA HAS NOT YET BEEN FOUND BUT IN THE OPINION OF SEVERAL FOREIGN REPS, SOME SYSTEM WILL PROBABLY EMERGE IN THE NEXT FEW MONTHS UNDER WHICH KOREA WILL CONTINUE TO BE GOVERNED BY A BENEVOLENT MILITARY REGIME WHICH COULD ASSUME THE APPEARANCE OF WHAT HAS BEEN CALLED QUOTE GUIDED DEMOCRACY UNQUOTE.

7. IN THE EYES OF SUCH COMPETENT OBSERVERS AS THE USA AMB AND OF THE FRENCH AMB WHO HAS BEEN IN KOREA FOR SEVERAL YEARS, THERE IS NO RPT NO ALTERNATIVE AS THEY BELIEVE THAT A RETURN AT THIS STAGE TO REAL DEMOCRATIC INSTITUTIONS WOULD ALSO MEAN A RETURN TO CHAOS AND ANARCHY. ON THE BASIS OF MY EXPERIENCE IN KOREA, I HAVE COME TO THE CONCLUSION THAT THE SUPREME COUNCIL IS THE ONLY GROUP WHICH IS SUFFICIENTLY WELL-ORGANIZED AND POSSESSES THE STRENGTH TO HELP THE KOREAN NATION TO BREAK AWAY FROM ITS LONG PAST OF ECONOMIC STAGNATION AND POLITICAL CORRUPTION AND BUILD A NEW FUTURE

BULL



7-1-1

Subject

Korea

Date

APR 30 1962

Publication

SCIENCE MONITOR

Far East Report

Moneylender Season in South Korea

By Takashi Oka

SEOUL, KOREA

The Korean winter is over, but as barley shoots and spring vegetables relieve the brown monotony of the eroded fields, the two-acre farmer and his family face the most difficult period of the year, when rice stocks harvested in the fall run low and the spring crop has barely begun to grow.

This is the time of year when, traditionally, the farmer must turn to his family moneylender, who, having frequently known him since childhood, needs no documents to determine exactly how much he can repay, and when. Interest rates, at around 8 per cent a month, come to 96 per cent a year. Both the farmer and the moneylender have long been used to this cycle of borrow and plant, reap and spend, and borrow again.

This year there is a difference. A new government came to power in Seoul 11 months ago—a government headed by army officers determined, among other things, to break the moneylenders' grip over the countryside, and accustomed to taking drastic measures.

So, since last May, when the military government ousted the elected civilian Cabinet in a nearly bloodless revolution, moneylending at interest rates higher than 20 per cent a year has been outlawed.

One would think that such a bold and sweeping move would have made the military government the most popular administration farmers had ever known. Such has not proved the case, at least so far. And this year, as the farmers enter the season of their greatest need, the regime faces its first real test among the rural population.

For the primary question today, as in years past, remains one of credit. Where will the farmers obtain the loans they need in order to grow their crops and meet expenses until the harvest? The outlawing of usurious moneylending has created a shortage of money in the countryside, and government resources, though bolstered by American aid, are as yet inadequate to fill the need.

In one village near Taegu, for instance, a hamlet comprising 60 families applied for government loans of 30,000 hwan per family—a total of 1,800,000 hwan. But only 150,000 hwan actually came through—or 2,500 hwan (less than \$2) per family. The hamlet chief had great difficulty deciding how the money was to be used. He finally allocated it evenly among the 60 families, though he well knew that such atomization was tantamount to throwing the entire sum away.

The new military government, in the first weeks after it seized power last May 16, outlawed usurious lending, ordered borrower and lender to register debts, and canceled all amounts owed in excess of 150,000 hwan (\$113.85). A new credit organ, the National Agricultural Credit Fund, absorbed the Agricultural Bank and issued five-year debentures bearing 20 per cent interest to the former moneylenders. Debtors were to repay the recognized portion of their debts at 12 per cent interest, with the government paying the difference.

In the autumn, South Korea reaped a bumper rice harvest totaling 18,902,870 suk (2,739,546 metric tons). As an additional gesture to the farmers, the government raised the price at which it purchased rice by about 40 per cent.

This year, the government will supply free fertilizer in quantities sufficient to meet the needs of submarginal farmers—those who cultivate less than 5 tanbo (1.25 acres). It also will step up crop-production loans, with the help of 36,266,000,000 hwan from American-aid counterpart funds. Added to money the government itself has committed, plus carryover from last year's program and whatever may be realized from return payments on previous debts, a total of between 60,000,000,000 and 70,000,000,000 hwan probably will be available for new loans to farmers this year.

Aid officials hope the loans will serve a productive purpose by concentrating on farmers who have a chance of commercial success—growing enough rice and other crops to sell them at a profit. It is estimated that farmers with less than five tanbo do not have such a chance, since they do not grow enough rice even to feed themselves. For this reason, individual loans will be made only in the range of 30,000 to 150,000 hwan. They will carry 10 per cent annual interest.

Can the combination of free fertilizer for submarginal farmers, low-cost crop-production loans for commercial-scale farmers, and higher rice purchase prices for both, replace or nearly replace the funds formerly supplied by the moneylenders? If the government can pass this test, it will have broken the power of the moneylenders, perhaps forever. If it cannot, underground moneylending, already said to be going on in many villages where farmers are desperate for funds, is likely to increase and the regime's ambitious Five-Year Plan for economic development will experience a setback in the crucial rural sector, where 65 per cent of South Korea's 23,000,000 people live and work.

Ambassador
Mr. Dupuis

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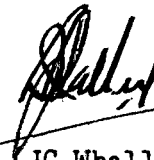
United Nations Compound
Seoul, Korea

9 Apr 62

Colonel WWK McConnell, CD
Chief, Liaison Group for Canada
APO 94,
Tokyo, Japan

Monthly Statistical Review
Bank of Korea - February 1962

1. Attached is Monthly Statistical Review published by the Bank of Korea for the month of February 1962.



(JC Whalley) Major
Liaison Officer for Canada to
Headquarters United Nations Command

Encl.

Mr. Whalley
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ECONOMIC/ D.B. WILSON
REFERRED TO FAR EASTERN DIV.
USA DIV.
TOKYO

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APRIL 5 1962.

*M. Dupuis
& File
BAK.*

FM WASHDC APR3/62 CONFD
TO EXTERNAL 1027 PRIORITY
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AGRIC OTT FINANCE OTT PRIORITY FM OTT
PL480 KOREA

STATE DEPT INFORMED THAT USA PROPOSED AN AMENDMENT TO THE EXISTING
PL480 AGREEMENT ENDING JUN/62, UNDER TITLE I INVOLVING 100 THOUSAND
TONS WHEAT, 170 THOUSAND TONS BARLEY, 20 THOUSAND TONS CORN, 10
THOUSAND TONS MILO, 10 THOUSAND TONS TALLOW. THIS IS ADDITIONAL TO
250 THOUSAND TONS WHEAT ALREADY SUPPLIED.

2. PREVIOUSLY USA HAD SUPPLIED MOST OF THE AID UNDER SECTION 402
OF THE MUTUAL SECURITY ACT AND THE PROPOSED PL480 AMENDED AGREEMENT
IS MERELY THE CONSOLIDATION OF ALL FOOD AID UNDER PL480.



FILE:

7-1-1

THE KOREAN MISSION IN JAPAN
TOKYO

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March 31, 1962

The Political Activities Purification Law which was promulgated by the Republic of Korea Government on March 16, 1962, and subsequent announcement of lists of persons to whom the Law is applied seem to be drawing keen interests both domestically and abroad.

While the Law has received unqualified support from the majority of the Korean people and many foreign friends of Korea, criticisms and unnecessary apprehension are also aired.

The Korean Mission, therefore, is sending you herewith the English version of the Law and a statement by General Chung Hee Park, Chairman of the Supreme Council for National Reconstruction, issued upon its promulgation. The statement explains the purpose of the law and the intent of the Revolutionary Government.

The Korean Mission hopes they will be useful in your study of the Korean situation.

TRANSLATION

FULL TEXT
OF THE
LAW FOR THE PURIFICATION OF POLITICAL ACTIVITIES

Prepared by
Ministry of Public Information
Republic of Korea

KOREAN MISSION IN JAPAN

TOKYO

LAW FOR THE PURIFICATION OF POLITICAL ACTIVITIES

Article 1: (Purpose)

The purpose of this law is to purify political activities and establish political morals in accordance with the provisions of Paragraph 3, Article 22 of the Law Concerning Extraordinary Measures for National Reconstruction.

Article 2: (Definition)

- (1) "Political activities" appearing in this law are defined as activities falling under the categories prescribed in any of the following items:
 1. Running as candidates in elections of public officials.
 2. Making speeches concerning elections, for or against the election of specific candidates in elections of public officials, or behaving any manner which might affect the elections.
 3. Assuming posts for the inauguration or preparation of political parties, political social organizations or affiliating with such organizations; or as advisors to or similar posts in or with such organizations.
 4. Holding political meetings or delivering speeches at such meetings.
 5. Supporting or obstructing political activities of specific political parties; political social organizations; or politicians, in addition to the activities stipulated in the preceding paragraphs.
- (2) "Elections of public officials" prescribed in Item 1 and 2 of the preceding paragraph mean elections of the President; of the National Assembly members; of heads of local autonomous bodies; or of the Local Council members.
- (3) The category of "political social organizations" and "Political meetings" prescribed in Item 3 through 5, Paragraph 1 shall be prescribed by Cabinet Decree.

Article 3: (Application for Judgement of Qualification)

- (1) Those falling under the categories prescribed in any of the following paragraphs may, if desiring to conduct political activities, file, personally or via their representatives, application, within 15 days after the announcement prescribed in Paragraph 2, with the Political Purification Committee, for judgement of qualification.
 1. Those subject to the application of the provision of Article 4 of the Law Restricting the Civil Rights of Anti-Democratic Collaborators.
 2. Those subject to the application of the provisions of Article 5 of the Law Restricting the Civil Rights of Anti-Democratic Collaborators, whose civil rights have been restricted in accordance with provisions of Article 8 or Paragraph 3 of the Supplementary Provisions of the same law.
 3. Those who were National Assembly members during the period from July 29, 1960 to May 15, 1961.
 4. Those who were appointed to positions of Prime Minister, Cabinet members, Chairman of the Board of Audit, Chairman of the Inspection Commission, ambassadors or ministers to foreign nations, during the period from August 20, 1960 to May 15, 1961.
 5. Those who were in positions prescribed below during the period from July 1, 1960 to May 15, 1961:
 - a. Representative Supreme Commissioner; Supreme Commissioners; President; Chairman and Vice Chairman of the Central Committee; Chief Secretary of the Central Chapter; Planning Commissioners; Chairman of the General Affairs Committee; Chairman of the Membership Committee; Chairman of the Propaganda Committee; Chairman of the Party Discipline Committee; Chairman of the Political Committee; Central Committee members; Department Chiefs of the Central Chapter; Chairman and Vice Chairmen of the Chapters of the Special City of Seoul and provinces; Chairman and vice chairmen of various nuclear organizations, of the Democratic Party, and of the New Democratic Party.

- b. Department chiefs or higher positions (including Central Committee members) of central organizations, and heads and vice heads of organizations of the Special City of Seoul or provinces of: The United Socialist Party; the National Unification Party; the Sam-min (Three People's) Party; the General League for Unification under Permanent Neutrality; the I-ju (Two Ideologies) Party; the Ch'ang-sa (Idea-creating) Society; the Social Masses Party; the Reform Party; the Republican Party; the Korea Independence Party; the Hungsa-Tan; the National Front for Fatherland Unification; the Democratic National Youth League; the Laborers & Peasants Party; the Independence Laborers & Peasants Party; the Democratic Reform Party; the Unification Democratic Youth League; the National Konyang (Construction and Promotion) Society; the All-Nation Society of Bereaved Families of the Massacred; the General Federation of Reform Comrades; the Korea General Federation of Teachers' Trade Unions; the Pan-Reform Comrades Society; the Preparatory Committee for the Merger of Socialist and Reform Parties; National Unification Research Institute; the Racial Traits Reform Federation; the Acceleration Committee for the Unification of Korea under Permanent Neutrality; the All-Nation Students Struggle Committee Against Vicious Laws; the All-Nation Students Reform Federation; the All-Nation Students Federation; the Struggle Committee Against Anti-Democratic Vicious Laws; the Central Council for National Self-Determination and Unification; the Peaceful Unification Council; the Peaceful Unification Support Committee; the National Unification Federation; the Internal and External Problems Consultative Society; and the All-Nation Students Federation for National Self-Determination and Unification.
6. Those who were in positions prescribed below during the period from August 20, 1960 to May 15, 1961:
- a. Mayor of the Special City of Seoul; provincial governors; members of the Council of the Special City of Seoul and provincial councils; Chief of the Special Tribunal; Chief of the Special Prosecution; the Prosecutor General; and Director of the National Police.

b. Heads of:

The Bank of Korea; the Reconstruction Bank of Korea; the Agricultural Bank; the Government Printing Agency; the Korea Textbook Co. Ltd.; the Korea Shipping Co.; the Korea Ship Building Co.; the Chosun (Korea) Machinery Manufactory; the Ch'ungju Fertilizer Plant Operation Co. Ltd.; the Honam Fertilizer Co. Ltd.; the Korea Heavy Industry Co.; the Korea Iron Mining Co. Ltd.; the Korea Coal Mining Co.; the Korea Tungsten Mining Co.; the Korea Warehousing Co. Ltd.; the Korea Forwarding Co. Ltd.; the Samsung Mining Co.; the Korea Mutual Loan Co. Ltd.; the Korea Electric Power Co.; the Seoul Electric Co. Ltd.; the South Korea Electric Co. Ltd.; the Korea Housing Agency; the National Federation of Agricultural Cooperatives; the Korea Farmland Reclamation Agency; the Korea Federation of Irrigation Associations; the Korea Federation of Forestry Associations; the Korea Horse Racing Society; and the Korea Federation of Fisheries Associations.

7. Those who have been subject to punishment; re-collection; withdrawal; follow-up collection; reparation, compensation; collection; fine or measures in accordance with the provisions of Article 11 through 20, and 23 through 25 of the Illicit Fortune Disposition Law.
 8. Those not falling the categories prescribed in any of the preceding paragraphs, but considered to have obviously collaborated in political corruption during the period from February 4, 1960 to May 15, 1961, or those considered to have obstructed the performance of Revolutionary tasks on or about May 16, 1961.
- (2) The Supreme Council for National Reconstruction (Which will be hereinafter referred to as "Supreme Council") shall make public, within 15 days after this law goes into effect, those falling under the categories prescribed in any of the preceding paragraphs.
- However, the Chairman of the Supreme Council may make additional announcements within 30 days after this law goes into effect, concerning supplementary subject, if any, who were due to be but were not included in the original announcement.
- (3) Application for judgement of qualification, as prescribed in paragraph (1), shall be attached with letter of reasons, evidence and other reference documents.

Article 4: (Political Purification Committee)

- (1) In order to judge qualification, as prescribed in the preceding paragraph, the Political Purification Committee (which will be hereinafter referred to as "the Committee") shall be established within the Supreme Council.
- (2) The Committee shall be composed of a chairman and six (6) members, who shall be appointed by the Chairman of the Supreme Council from among the members of the Supreme Council.
- (3) The Committee's decisions shall be based on a majority of 4 or more of its members, except such cases as prescribed in Paragraph (2), Article 6.
- (4) The Chairman shall represent the Committee, and supervise its activities.
- (5) Personnel to handle the activities of the Committee shall be appointed by the Chairman.
- (6) Necessary matters pertaining to the service of and remuneration of personnel, and other matters concerning the operation of the Committee shall be prescribed by the Committee.

Article 5: (Submission of Investigation Reference Materials, etc.)

- (1) The Committee may, if deemed necessary for the performance of its mission, request agencies concerned to produce reference materials, or question witnesses or expert witnesses. However, those subject to judgement or their families shall not be questioned.
- (2) Witnesses or expert witnesses, prescribed in the preceding paragraph, shall take, before questioning, oaths in accordance with procedures prescribed in the Criminal Procedural Code.

Article 6: (Judgement)

- (1) The Committee shall deliberate and make judgement in response to applications filed with it in accordance with the provisions of Paragraph (1), Article 3, by May 31, 1962.

- (2) Support from 5 or more members is necessary for judgement of qualification in such cases as prescribed in the preceding paragraph, and failure to attain the necessary support shall be reckoned as judgement for disqualification.
- (3) The period stipulated in Paragraph (1) shall not be subject to change.

Article 7: (Confirmation by the Chairman, Public Notice, etc.)

- (1) Judgement prescribed in the preceding article shall be confirmed by the approval of the Chairman of the Supreme Council.
- (2) The Chairman of the Supreme Council may, if he deems the judgement improper prescribed in the preceding paragraph, order the Committee to re-deliberate.
- (3) The Supreme Council shall notify the contents of confirmed judgement to the applicants concerned, and make public those who qualify without delay.

Article 8: (Prohibition of Political Activities)

Those announced publicly in accordance with the provisions of Paragraph (2), Article 3, who do not apply for judgement of qualification, as prescribed in Paragraph (1) of the same article, or whose qualification judgement is not confirmed in accordance with the provisions of the same article, shall not engage in political activities until August 15, 1968.

Article 9: (Lifting of the Prohibition of Political Activities)

- (1) The Chairman of the Supreme Council may lift the prohibition of political activities of those considered to have made obvious contributions to the Revolutionary tasks, regardless of the provisions of the preceding article.
- (2) If the Chairman of the Supreme Council lifts prohibition, as prescribed in the preceding paragraph, he shall notify the subjects concerned and make such news public without delay.

Article 10: (Prohibition of the Presentation of Appeal)

No administrative suit or appeal shall be presented pertaining to judgement of the Committee or the approval of the Chairman of the Supreme Council made in accordance with the provisions of this law, or orders or measures issued or taken based upon this law.

Article 11: (Punishment)

Those conducting political activities in violation of the provisions of Article 8 shall be subject to imprisonment for up to 5 years, or fined up to Hw5 million.

Article 12: (Punishment)

- (1) Those presenting or giving false evidence or information to the public offices, public officials concerned, or witnesses or expert witnesses prescribed in Article 5, in an attempt to slander those subject to judgement in relation to the application of this law, shall be subject to imprisonment for a period of not less than 3 years.
- (2) Those threatening or blackmailing those subject to judgement or their families in relation to the application of this law shall be subject to the same punishment as prescribed in the preceding paragraph.

Supplementary Provisions:

- (1) This law goes into effect on the date of promulgation.
- (2) The President in office at the time of enforcing this law shall not be subject to the application of this law.
- (3) The Law Restricting the Civil Rights of Anti-Democratic Collaborators shall be discontinued, and the restriction of civil rights in accordance therewith shall be lifted from the date of the promulgation of this law. However, this does not affect the provisions of Item 1, Paragraph (1) and Paragraph (2) Article 3 of this law.
- (4) This law does not affect the decrees and ordinances of the Military Revolutionary Committee and the Supreme Council which are in effect at the time of enforcing this law prescribing political activities.

KOREAN MISSION IN JAPAN

TOKYO

Chairman Chung Hee Park's Statement

Concerning the Political Activity Purification Law

Promulgating the Political Activity Purification Law, the Revolutionary Government requests the people's understanding and wholehearted cooperation in enforcing the Law. I should like to explain the purposes of the law and the intent of the Revolutionary Government.

The Political Activity Purification Law aims primarily at the prevention of the resurgence of unjust and corrupt politics, the establishment of new political morality and the construction of a firm democratic foundation. This law implements Paragraph 6 of the revolutionary manifesto. Shortly after May 16th 1961 the Revolutionary government promised to turn over the government to new and conscientious civilians, the military returning to its duties, as soon as the revolutionary tasks have been achieved.

As all of you know, political corruption and incompetence became chronic in the hands of political parties, the National Assembly and the miriads of officials and businessmen who were their sycophants. As a result, the country's future became precarious. All former politicians, regardless of their allegiances, should feel politically and morally responsible to the people. The Revolutionary Government has therefore urged them to repent their sins and correct themselves. Notwithstanding, many of them still continue to entrench their political strength and dream of playing more roles on the political stage. To leave these brazen and shameless people at liberty to resume their political machinations, while we turn political power to civilians will inevitably reinstate the shocking political corruption of yore. In consideration of the future of the nation and the people the Revolutionary Government has been forced to promulgate the law.

The law proposes merely to establish political morality through political purification and to regulate to a minimum the political activity of a certain group of people for the furtherance of democracy. In no way does the law impose restrictions on their right to public administrative offices, their franchise or their right to engage in ordinary occupations.

The law is therefore completely different in its purposes and intent from the Anti-Democratic Behaviour Civil Rights Restriction Law as legislated under the previous regime.

The Civil Rights Restriction Law branded a large number of people as anti-democratic, the stain to be inherited by their posterity. Not satisfied with prosecuting their political responsibility, the law cruelly and vengefully sought to deprive them of opportunities to take part in administrative and other jobs. The Political Activity Purification Law, on the other hand, proposes to ask the political responsibility of a limited number of people from a moralistic point of view.

The law does not want to brand them as anti-democratic or deprive them of civil rights, subjecting them to the contempt of society. With the promulgation of the law those who have been deprived of their civil rights because of their "anti-democratic" convictions shall be restored to their civil rights. Their stigma will be completely removed. The people will clearly understand the intent of the Revolutionary Government which has repealed the Anti-Democratic Behaviour Civil Rights Restriction Law itself. We should all welcome these people with warm hospitality and in no way discriminate against them. The Government asks for sincere and earnest support and cooperation.

The law will distinguish between false and true stones carefully, limiting the restriction to a minimum, instead as in the past when all former politicians and politically responsible people were automatically disqualified. The law will safeguard the future of those who are truly conscientious and who devote their body and soul to the performance of the Revolutionary tasks.

Another characteristic of the law is that it does not bother those who do not want to take part in politics and wish to serve the country in non political areas. They do not have to be examined, enduring all the complicated procedures.

These people are free to do whatever they choose in areas other than political. Furthermore, although they are disqualified from political activity, their outstanding contribution to the accomplishment of the Revolutionary tasks in economic, cultural, social and administrative fields, will be most readily appreciated by the Revolutionary Government, and their restriction will be discontinued.

In closing, I beseech you once again to lend your full assistance so as to make this law a stimulating tonic for the performance of the revolutionary tasks, remove political vengeance and insure national solidarity.

KOREAN MISSION IN JAPAN

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Another characteristic of the law is that it does not bother those who do not want to take part in politics and wish to serve the country in non political areas. They do not have to be examined, enduring all the complicated procedures.

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In closing, I beseech you once again to lend your full assistance so as to make this law a stimulating tonic for the performance of the revolutionary tasks, remove political vengeance and insure national solidarity.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OUTGOING MESSAGE

FM: EMBASSY TOKYO	DATE	FILE		SECURITY						
	28 27MAR62	7-1-1		CONFID						
		INDEXED	—							
TO: EXTERNAL	NUMBER		PRECEDENCE		COMCENTRE USE ONLY					
	91		OPIMMED							
INFO: PERMISNY:WASHDC:LDN:PARISEMB:PARISNATO			OPIMMED							
KARACHI:DELHI:COLOMBO:JAKARTA:WLGTN:CNBRA:KLUMPUR			BAG FM LDN							

Ref.: OUR TEL 83 OF MAR 22

Subject: SOUTH KOREA - RESIGNATION OF PRESIDENT

THROUGH USA EMBASSY HERE WE HAVE LEARNED ABOUT CIRCUMSTANCES OF THE RESIGNATION OF PRESIDENT POSUN YUN OF KOREA. HE TOLD USA AMBASSADOR IN SEOUL EARLY LAST WEEK THAT HE WAS CONTEMPLATING RESIGNATION. HE SAID HE REALIZED THAT WITH THE COUNTRY HEADING TOWARD CHAOS THE COUP D'ETAT OF LAST MAY HAD BEEN NECESSARY. HE ALSO CONCEDED THAT ECONOMIC PROGRAMME LAUNCHED BY THE SUPREME COUNCIL WAS GOOD, THAT ORDER HAD BEEN ESTABLISHED AND NATIONAL PRESTIGE WAS INCREASING. HOWEVER, HE REFUSED TO HOLD OFFICE IF THE COUNCIL RETAINED ITS DECREE BY WHICH ALL FORMER POLITICIANS WERE TO BE BARRED FROM POLITICS UNLESS APPROVED BY A SPECIAL COMMITTEE. THE USA AMBASSADOR URGED THE PRESIDENT TO STAY, POINTING OUT THAT ONE MUST COPE NOT WITH AN IDEAL SITUATION BUT WITH THE REALITIES OF THE DAY.

2. ^(CHAIRMAN OF THE SUPREME COUNCIL) GENERAL PARK SUBSEQUENTLY TOLD THE USA AMBASSADOR HE HAD ALSO BEEN URGING THE PRESIDENT TO STAY. PARK SEEMED AWARE THAT DIFFICULTIES AT HOME AND ABROAD WOULD BE CREATED BY THIS DECREE BUT ARGUED THAT IF THE OLD GROUP OF POLITICIANS GAINED CONTROL ONCE MORE THE COUNTRY WOULD BE ON

LOCAL DISTRIBUTION		... 2	
ORIGINATOR	DIVISION	PHONE	APPROVED BY
(SGD) B.A. KEITH			
SIG.....			
NAME. B.A. KEITH/WD.....			
		SIG.....	NAME.....

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/ 2 /

THE ROAD TO RUIN.

3. THE PRESIDENT RESIGNED MAR 22 AND ON THE NEXT DAY GENERAL PARK WAS DESIGNATED ACTING PRESIDENT. THERE WAS NO IMMEDIATE PUBLIC REACTION. ALTHOUGH THE DECREE AND THE CHANGE IN THE PRESIDENTIAL POSITION WILL BE UNSATISFACTORY TO MANY SECTIONS OF THE POPULATION, AND PARTICULARLY TO THE INTELLECTUALS, THERE IS NO SIGN OF ANY OPEN OBJECTION. UNDER THESE NEW CIRCUMSTANCES, HOWEVER, IT WILL BE MORE DIFFICULT FOR THE MILITARY COUNCIL TO AROUSE THE PUBLIC SUPPORT IT NEEDS.

4. WE REGARD IT AS A DISAPPOINTMENT THAT THE SUPREME COUNCIL CONSIDERS IT NECESSARY TO PASS THIS BROAD DECREE AND IT IS ALSO TOO BAD THAT WHATEVER RESTRAINING INFLUENCE THE ELECTED PRESIDENT MIGHT HAVE EXERCISED IS NOW MISSING. WE REALIZE THAT THE SUPREME COUNCIL FACED THE NECESSITY OF SAFEGUARDING ITS ACHIEVEMENTS BUT THERE MIGHT HAVE BEEN SOME MIDDLE ROAD.

5. THERE CAN BE LITTLE HOPE OF REAL DEMOCRACY IN KOREA UNTIL THE COUNTRY ACHIEVES GREATER ECONOMIC STABILITY, REDUCES THE NUMBER OF UNEMPLOYED AND DEVELOPS AGRICULTURE AND INDUSTRY. WHEN AND IN WHAT MANNER THE MILITARY GOVT CAN RELINQUISH POWER TO CIVILIAN AUTHORITIES IS DIFFICULT TO SEE. THE PRESENT LEADERS ARE, HOWEVER, TRYING TO DO THEIR BEST FOR THE COUNTRY AND CONTINUE TO DESERVE THE SUPPORT OF FRIENDLY COUNTRIES ABROAD.

BULL



7-1-1	
—	—

FM LDN MAR27/62 CONF D

TO EXTERNAL 1095

INFO WASHDC PERMISNY NATOPARIS EMBPARIS

BAG TOKYO JAKARTA KLUMPUR FM LDN

REF OURTEL 1062 MAR23

KOREA

MCLAREN, FO FAR EASTERN DEPT, TOLD US TODAY THAT FO AGREED WITH
OPINION EXPRESSED IN LAST PARA OF TEL FROM BRIT EMB SEOUL MAR22
(OUR REFTTEL) AND THAT FO DID NOT RPT NOT CONSIDER THAT KOREAN
PRESIDENTS RESIGNATION CAUSED ANY PROBLEM OF RECOGNITION TO
ARISE.

Antal
not to be used
in the
BRD

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM:
The Canadian Embassy
.....
Tokyo, Japan
Reference:
Our Letter No. 139 of February 21, 1962
Subject:
Developments in South Korea
.....
.....

Security: ... Confidential
No: 209
Date: March 27, 1962
Enclosures: 1
Air or Surface Mail: ... air
Post File No: 7-1-1

Ottawa File No.	

References

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Attached is a copy of the Monthly Intelligence Summary for February 1962 which we have received from Maj. J.C. Whalley, Canadian Liaison Officer to the U.N. Command in Korea.

2. This report has already been forwarded through D.N.D. channels but we assume that the attached copy will be of interest to the Far Eastern Division.

signed
B. A. KEITH
The Embassy

Internal
Circulation

Distribution
to Posts



FILE: 7-1-1	
-	-

FM LDN MAR23/62 CONF CDN EYES ONLY
TO EXTERNAL 1062 PRIORITY
INFO WASHDC PERMISNY NATOP ARIS EMBPARIS
BAG TOKYO JAKARTA KLUMPUR FM LDN
KOREA

FOLLOWING IS TEXT OF TEL FROM BRIT EMB SEOUL TO FO DATED MAR22
QUOTE: PRESIDENT OF THE REPUBLIC IS EXPECTED TO RESIGN TODAY. THE
IMMEDIATE OCCASION OF HIS RESIGNATION IS THE POLITICAL PURIFICATION
LAW PROMULGATED ON MAR16 BY WHICH NO RPT NO FORMER POLITICIANS
CAN ENGAGE IN ANY POLITICAL ACTIVITIES BEFORE AUG15/68 UNLESS
SCREENED BY SCNR. PRESIDENT IS SPECIFICALLY EXEMPTED FROM THE PRO-
VISIONS OF THIS LAW, BUT HE IS KNOWN TO HAVE FELT THAT IT WAS TOO
SEVERE AND ALSO THAT IT WAS UNFAIR FOR HIM TO BE SINGLED OUT FOR
EXEMPTION. UNDER EXTRAORDINARY MEASURES LAW THE CHAIRMAN OF SCNR
MAY EXERCISE PRESIDENTIAL POWERS BY PROXY.

BOTH GEN PAK AND AMERICANS HAVE ATTEMPTED TO DISSUADE PRESIDENT
FROM RESIGNING, BUT WITHOUT EFFECT. THOUGH VERY REGRETTABLE, HIS
RESIGNATION WOULD MAKE NO RPT NO DIFFERENCE TO THE REALITIES OF
POWER HERE AND THE EFFECT IT HAD ON THE COUNTRY GENERALLY WOULD
PROBABLY DEPEND ON THE TONE OF THE RESIGNATION STATEMENT. IF VERY
CRITICAL THIS MIGHT ENCOURAGE SOME POLITICIANS (WHO UNDER THE NEW
LAW HAVE NOTHING TO LOSE) TO COME OUT IN OPEN OPPOSITION. INDICATIONS
ARE, HOWEVER, THAT IT WILL NOT RPT NOT BE CRITICAL.

ALTHOUGH AT THE TIME OF THE COUP D ETAT PRESIDENT PROVIDED THE
ONLY CONSTITUTIONAL LINK, THE POSITION SEEMS TO HAVE CHANGED AFTER
PROMULGATION OF THE EXTRAORDINARY MEASURES LAW AND NO RPT NO
PROBLEM OF RECOGNITION NOW SEEMS TO ARISE IF PRESIDENT GOES UNQUOTE.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OUTGOING MESSAGE

FM:	EMBASSY TOKYO	DATE	FILE		SECURITY						
		22 MAR 62	7-1-1		CONFD						
			INDEXED								
TO:	EXTERNAL	NUMBER		PRECEDENCE		COMCENTRE USE ONLY					
		83		OPIMMED							
INFO: PERMISNY: WASHDC:LDN:PARISEMB:PARISNATO											
KARACHI:DELHI:COLOMBO:KLUMPUR:JAKARTA:WLGTN:CNBRA											
BAG FM LDN											

Ref.: OURLET 114 FEB 16

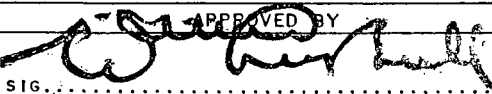
Subject: SOUTH KOREA - POLITICAL DEVELOPMENTS

THE MILITARY GOVT OF SOUTH KOREA FACES THE PROBLEM OF HOW TO RESTORE CIVILIAN GOVT IN 1963, AS PROMISED, WHILE ENSURING THAT THE SUBSTANTIAL REFORMS IT HAS ACHIEVED AND THE FIVE-YEAR ECONOMIC PROGRAMME IT LAUNCHED THIS YEAR ARE KEPT IN FORCE. THE CHAIRMAN'S FORMULA FOR CONTINUITY, ANNOUNCED LAST WEEK, IS A DECREE PROHIBITING FOR SIX YEARS ALL POLITICAL ACTIVITY BY FORMER MEMBERS OF POLITICAL PARTIES. THUS IF THE DECREE ^{WAS} ~~IS~~ MAINTAINED ONLY MILITARY OFFICERS AND CIVILIANS NEW TO POLITICAL LIFE ^{WOULD} ~~WILL~~ BE ABLE TO STAND FOR ELECTION - AN ARRANGEMENT THAT WOULD PROBABLY GUARANTEE A NATIONAL ASSEMBLY IN CONFORMITY WITH THE SUPREME COUNCIL'S WISHES.

2. PRESIDENT YUN PO SUN, WHO RECENTLY INDICATED THAT HE WOULD BE ACTIVE IN REVIVING THE NEW DEMOCRATIC PARTY WHICH WAS THE MAIN OPPOSITION UNDER THE PREVIOUS GOVT, HAS INFORMED THE SUPREME COUNCIL THAT HE INTENDS TO RESIGN IN PROTEST AGAINST THIS RULING. CHAIRMAN PARK HAS URGED HIM TO STAY. THE PRESIDENT'S ROLE IS IMPORTANT SINCE HE HELD OFFICE UNDER THE PREVIOUS GOVT AND WITH THIS CONTINUITY OF THE HEAD OF STATE'S POSITION THE

LOCAL
DISTRIBUTION

... 2

ORIGINATOR	DIVISION	PHONE	APPROVED BY
SIG..... NAME. B.A.KEITH/WD.....			 SIG..... NAME.....

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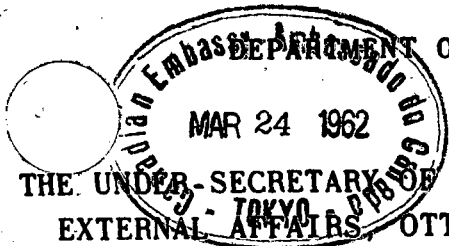
- 2 -

MILITARY GOVT CONSIDERS THAT IT HAS A GREATER DEGREE OF INTERNATIONAL ACCEPTABILITY.

3. WE REGARD THE PRESENT SITUATION AS AN ILLUSTRATION OF THE DILEMMA THAT IS INEVITABLE FOR THE SUPREME COUNCIL. WE BELIEVE ITS MEMBERS SINCERELY WANT TO SEE DEMOCRACY RE-ESTABLISHED IN KOREA, BUT THEY RIGHTLY JUDGE THAT KOREA HAS LITTLE CHANCE OF SUCCESS UNDER ANY SYSTEM UNLESS CORRUPTION IS ELIMINATED, NATIONAL SELF-RESPECT INCREASED, AND THE ECONOMY ESTABLISHED ON A GOOD FOUNDATION. TO REACH ~~OUT~~ THESE OBJECTIVES THE SUPREME COUNCIL MUST RETAIN CONTROL BUT IF IT IS IN CONTROL THERE WILL NOT BE REAL DEMOCRACY.

4. WE EXPECT THAT THE ^{SUPREME} COUNCIL, WHILE CONSCIOUS OF THIS PARADOX, WILL IN ITS OWN WAY WORK TOWARDS CONDITIONS IN WHICH AT LEAST THE FORM OF DEMOCRATIC GOVT CAN BE RE-ESTABLISHED. IT IS CERTAIN TO MAKE SOME DEFINITE MOVE IN THIS DIRECTION DURING 1963. ^{BUT NOTWITHSTANDING THIS, THE} AT THE SAME TIME THE INFLUENCE OF THE COUNCIL IS BOUND TO BE ASSERTED IN ONE ^{WAY} ~~FORM~~ OR ANOTHER ON KOREAN AFFAIRS FOR A CONSIDERABLE TIME TO COME.

BULL



DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: The Canadian Embassy,

Bogota, Colombia.

Reference: Our letter No. 248 of Sept. 18/61.

Subject: Colombia Establishes Diplomatic
Relations with South Korea.

FILE: (DUPLICATE)
7-1-1
Security: UNCLASSIFIED
No: 71
Date: March 1, 1962.
Enclosures:
Air or Surface Mail: Air
Post File No: 15-3

Ottawa File No.

References

Mr.
Glazebrook
Mr. Teakles
Mr. Campbell
- O/SSEA
L.A. Div.
Tokyo

& File
Far Eastern/
R.V.Gorham/
md

8/3/62.

Probably as a result of the visit of the Korean Goodwill Mission described in our letter under reference, the Colombian Government has decided to establish an Embassy in Seoul. The first Ambassador, General Rafael Navas Pardo, is at present in Japan, although he is also accredited to Nationalist China. The press announcement provided no details but it is probable that General Navas will continue to reside in Tokyo. He was a member of the Military Junta which ruled Colombia after the fall of Rojas Pinilla.

2. The press report also stated that the Korean Government would soon be naming its Ambassador in Bogota.

(Sgd.) T.F.M. Newton

Ambassador.

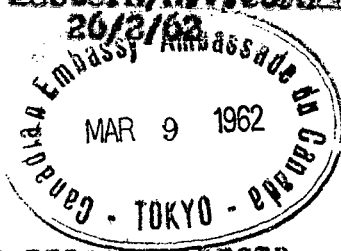
Internal
Circulation

Distribution
to Posts

Handwritten notes:
Ambassador
Mr. Pardo
Mr. R. V. Gorham
4 file
Start

For Eastern/R.V. Corbett/rd -- Refer to:

Mr. Glasbrook
Communications
CC03 (6)



by bag:

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Washington	Karachi
Lab. Paris	Colombo
NAFO Paris	The Hague
Perth New York	Bruccolo
Tokyo	Athens
Canberra	Ankara
Djakarta	Dagda
Kuala Lumpur	Santiago

FM WLGTH FEB22/62 RESTD

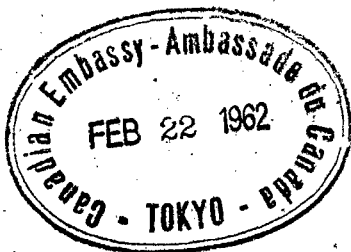
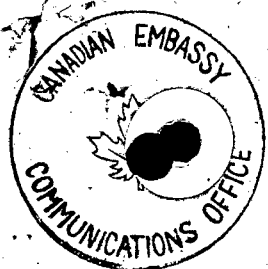
TO EXTERNAL 22

REF YOUTEL Y638 NOV23/61

NZ-ROK DIPLO RELATIONS

ABOUT A FORTNIGHT AGO ROK GOVT FORMALLY ASKED PERMISSION TO ACCREDIT ROK AMBASSADOR IN AUSTRALIA CONCURRENTLY AS AMBASSADOR TO NZ. NZERS AGREED TO THIS AND SUBMITTED COUNTER-PROPOSAL TO KOREAN CONGEN IN SYDNEY THAT NZ AMBASSADOR IN JAPAN BE PERMITTED CONCURRENT ACCREDITATION TO ROK. (JAPANESE GOVT HAD PREVIOUSLY AGREED TO DUAL ACCREDITATION PROPOSAL.) NZERS UNDERSTAND THAT ROK CHARGE WILL ESTABLISH EMB IN AUSTRALIA BY END OF FEB AND THAT AMBASSADOR WILL BE APPOINTED SHORTLY THEREAFTER.

3
Ammanford
12/2/62
1/16
2/16/62
Mar 9



FILE:	7 - 1 - 1
INDEXED	-

FM WASHDC FEB21/62 SECRET

TO EXTERNAL 546

INXO LDN EMBPARIS NATOPARIS PERMISNY

TT TOKYO FM OTT

BAG CNBRA WLGTN FM LDN

PROVISION OF MISSILES TO ROK FORCES

Ambr... B
del. in Conn...
in office
file
Blair
Feb 22

ON FEB21 MACDONALD, STATE DEPT OFFICER IN CHARGE ROK AFFAIRS, INFORMED US THAT USA HAD NOW DECIDED TO PROCEED WITH PROVISION TO ROK FORCES OF A MODERATE NUMBER OF HAWK AND NIKE-HERCULES GROUND TO AIR MISSILES (WITH RANGES OF 22 AND 75 MILES RESPECTIVELY). THE NIKE-HERCULES MISSILES WOULD BE PROVIDED TO ROK ONLY WITH CONVENTIONAL WARHEADS. (THE HAWK MISSILE IS, OF COURSE, NOT RPT NOT QUOTE DUAL CAPABLE UNQUOTE). NO RPT NO DELIVERIES COULD BE MADE FOR APPROX 18 MONTHS, IN ORDER TO PERMIT TRAINING OF ROK OPERATORS OF THE MISSILES AND OF THE ASSOCIATED SUPPORTING EQUIPMENT. INCLUDING RADAR AND COMPUTER MECHANISMS. MACDONALD SAID THAT THIS INFO WAS AT THE PRESENT TIME BEING COMMUNICATED ONLY TO BRITAIN AND AUSTRALIAN AUTHORITIES AND OURSELVES.

2. MACDONALD SAID THAT THE DECISION TO SUPPLY MISSILES WAS BASED ON PURELY MILITARY CONSIDERATIONS AND REPRESENTED A FURTHER STEP IN ATTEMPTING TO COMPENSATE FOR THE HEAVY (APPROX TWO TO ONE) SUPERIORITY OF THE NORTHKOREAN AIR STRENGTH OVER THAT OF THE SOUTHS, A PROCESS WHICH WAS BEGUN IN 1957 IN RESPONSE TO THE PRONOUNCED FAILURE OF THE NORTH TO ABIDE BY THE PROHIBITIONS IN THE ARMISTICE AGREEMENT. HE MENTIONED THAT A DECISION TO SUPPLY MISSILES HAD BEEN TENTATIVELY TAKEN ALMOST A YEAR AGO, BUT BECAUSE OF THE UNSETTLED CONDITIONS IN KOREA ARISING OUT OF THE OVERTHROW OF THE RHEE REGIME, IMPLEMENTATION HAD BEEN DEFERRED. MACDONALD CONFIRMED THAT THIS DECISION WAS, THEREFORE, NOT RPT NOT IN RESPONSE TO ANY SPECIFIC CHANGE IN NORTHKOREAN STRENGTH, ALTHOUGH THE STATE DEPT PRESUMED THAT THE NORTHKOREANS WERE CONTINUING TO BUILD UP AND MODERNIZE THEIR FORCES.

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PAGE TWO 546

NEITHER WAS THERE ANY EVIDENCE TO SUGGEST AN INCREASE IN NORTHKOREAN AGGRESSIVE INTENTIONS. USA RATHER CONSIDERED THAT THE DECISION TO SUPPLY MISSILES WAS NORMAL AND MIGHT PERHAPS HAVE BEEN TAKEN AND IMPLEMENTED AT AN EVEN EARLIER STAGE HAD AVAILABILITY OF MISSILES PERMITTED.

3. MACDONALD SAID THAT, OF COURSE, THE HAWK AND NIKE-HERCULES MISSILES WERE WEAPONS OF A PURELY DEFENSIVE CHARACTER. USA FORCES IN KOREA WERE ALREADY PROVIDED WITH A MISSILE CAPABILITY AND THE ONLY NEW ELEMENT INTRODUCED BY THE PRESENT DECISION WOULD BE THE TRANSFER OF OPERATIONAL CAPABILITY TO THE ROK FORCES.

4. MACDONALD EXPECTED THAT IN DUE COURSE THE PROVISION OF MISSILES TO ROK FORCES WOULD BECOME KNOWN AND AT THAT STAGE USA MIGHT PROVIDE PUBLIC CONFIRMATION WHICH HE THOUGHT WOULD INCLUDE EMPHASIS ON THE PURELY DEFENSIVE NATURE OF THE MISSILES AND THE DENIAL THAT ROK MISSILES WOULD HAVE ANY NUCLEAR CAPABILITY. ALTHOUGH IT WAS ALSO TO BE EXPECTED THAT THE NORTHKOREAN AND OTHER COMMUNIST AUTHORITIES WOULD MAKE EVERY EFFORT TO INTERPRET THE DECISION IN THE INTERESTS OF THEIR PROPAGANDA ATTACKS ON THE SOUTH AND USA, IT WAS PRESUMED THAT THE COMMUNIST SIDE WOULD PRIVATELY RECOGNIZE THAT THE PROVISION OF THESE MISSILES TO THE ROK COULD NOT BE REGARDED AS PROVOCATIVE IN VIEW OF THEIR PURELY DEFENSIVE NATURE. '''

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA. (FILE COPY)

NUMBERED LETTER

CONFIDENTIAL

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: THE CANADIAN EMBASSY
TOKYO

Reference:
Subject: South Korea - Current Developments

Security:
No: 114 February 16, 1962
Date:
Enclosures: Air
Air or Surface
Post File No: 7-1-1
C.C. 7-2-1

Ottawa File No.	

References

To obtain firsthand information about current developments in Korea and assess the policies of the military government which has been in control there for nine months, two officers of this mission, Mr. Keith and Mr. Dupuis, paid a visit of four days to that country last week. A record of their impressions and experiences is provided in this report.

2. Although we had read much about South Korea and had followed closely new developments in recent months, we were not prepared for the bleak and primitive conditions we encountered both in the capital city of Seoul and in the countryside. In terms of standard of living, development of industry, progress in agriculture and care of its natural resources, Korea has lagged far behind Japan. The streets of Seoul, although apparently now much improved, still appear bedraggled with only a few modern buildings at the centre of the city and with a remarkable absence of good housing. It is a city set in mountains and a great many shacks are staggered up the hillside, often propped precariously on ledges or leaning on one another for support.

Internal Circulation

3. If our first major impression was one of surprise at the poverty and primitiveness of Korea, our second feeling, which grew upon us in the course of travel and discussions, was one of admiration for the determined spirit which the Korean authorities are now showing in tackling the immense problems which lie before them. They are helped in their work by United States aid and advice and by the good will and material support of some other countries, but the truth is clearly evident to them that if their country is to prosper and succeed it can do so only with a great resurgence of national spirit and self-respect. For the 40 years preceding the end of the second world war the Koreans were under the rule of the Japanese and in the 17 years since then they have tended to regard outside agencies as largely responsible for their destiny - at an early stage the United Nations and, since the Korean War, the United States. Until recently they have not seen it as their responsibility to put their own house in order and to plan and work for their own future. With this attitude of dependence on others went a casual disregard of public morality, and the stage had been reached where corruption and bribery were a great hindrance to the country's advance. Although the Military Council which is now in control has done much to strengthen the economy and establish orderly methods, its objectives in the realm of the spirit are at least equal in importance

Distribution to Posts

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to its material targets. The Council has launched a great movement to inspire the Korean people with a sense of independence and a knowledge of the great potential that is theirs if they can only work together for the common good. How successful they will be is yet to be determined, but unless they are able to convince the Koreans that certain things are fundamental - order and public discipline, hard work and individual responsibility - neither the return to democratic government, which has been promised, nor the improvements in living standards, which are now in sight, can really be achieved and maintained. The attitude of sadness, defeatism and over-reliance on others must in time be replaced with a spirit of confidence, self-assurance and determination. This is a primary purpose of the Military Council and in our opinion is the key to the future of the Korean situation.

4. We were interested in learning more about the system of government which is now in operation in Korea and in determining how well it is working. The military government system, established after the revolution of May 16, 1961 works in a comparatively straightforward way. There is a "Supreme Council for National Reconstruction" which is made up of 28 members. There have been some changes in the composition of the Council since the revolution but the main group remains the same. It includes an assortment of senior military officers ranging from full general to brigadier general and, in addition, there are ten colonels, largely making up the younger group within the Council. These twenty-eight men are essentially the body of army officers who carried forward the revolution. They had been appalled at the corruption and mismanagement in Korean affairs and they began, even under the Syngman Rhee regime, to plan the overthrow of the government and the establishment of a regime based on integrity and sound planning. Their plans were interrupted in April, 1960 when Korean student demonstrations, motivated by something of the same purpose, led to the downfall of Syngman Rhee and the establishment of a democratic government under Premier John Chang. The military group felt that conditions became even worse under the Chang government and accordingly they organized the coup which caused its downfall.

5. The Supreme Council is an active and determined group. For example, we learned on good authority that when the budget was under consideration in December the Supreme Council met for as much as 14 hours a day for two weeks in order to work out a budget that was sound and that would provide a firm footing for the Korean economy. The Chairman of the Supreme Council, and a person who was the prime mover in the revolution, is General Chung Hee Park. He is a man of great idealism and fierce determination. Unfortunately we did not have an opportunity to meet him, but from many reports we got the impression of a person who is strictly honest, who is a great patriot in the sense of his devotion to the future of Korea and who is also a highly intelligent leader. During preparations for the revolution he studied the experience of the military revolts in Turkey and in Pakistan. Today his practices and purposes are not unlike those of President Ayub Khan in Pakistan, whose activities Park has watched with admiration. Chairman Park frequently reiterates that he will keep his promise that civilian government will be restored in Korea in May, 1963. He has spoken of the dangers of allowing a military government to remain in control too long and is aware that in time its members might well come to value power for its own sake rather than for the good to be thereby achieved for Korea. Park is driving himself relentlessly and is adhering to strict principles in the conduct of the Council and in management of the country's affairs.

6. In the conduct of business the Council is supported by a standing committee with Park as Chairman. It is really an executive arm of the Council and its members have positions as

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chairmen of individual functional committees. Thus there are committees for finance, transport, foreign affairs, education, home affairs and legislation. Other organizations working directly under the Supreme Council are the National Movement for Reconstruction, the Central Intelligence Agency, the Office of General Affairs, the Revolutionary Courts of Justice, the Board of Audit and an Inspection Committee.

7. The military structure operates through this administrative machinery and gives directions to the civilian ministries which still operate in the normal way. It is of interest that, while controlling affairs in the country in a firm and thorough manner, the Military Council has kept the civilian government system largely intact and in the majority of cases has not endeavoured to replace the majority of civil servants with military men.

8. The President, Posun Yung, has been kept in office thereby giving the Supreme Council a greater semblance of legality and many elements of the constitution have remained in force. This should make easier the ultimate transition to a democratic government. The Prime Minister, Yo Chan Song, has been appointed by the Council and there are civilian ministers for some of the major portfolios. These ministers are in many instances men of considerable experience whose knowledge and background are of value. They do, of course, retain their portfolios only at the will of the Council. Thus civilian ministers hold office for Education, Health and Public Information and the Economic Planning Board. Military leaders have assumed the portfolios in the Office of National Reconstruction, Veterans' Affairs, Agriculture, Commerce, Transportation and Communications. In most of these departments which are headed by a military man, however, the vice minister and directors of the bureaus have continued to be civil servants. The mayors of major cities and the governors of all the provinces are military men in whom the Supreme Council places great trust.

9. Economy - We had a discussion with Mr. Yu Taik Kim, Chairman of the Economic Planning Board, who drafted the new five-year plan on which Korea is now embarked and we also had a long talk with the U.S. Ambassador, Samuel Berger, who is fully familiar with progress in reviving the economy. The major objective is to lay the foundation of a self-sustaining economy and for this purpose the government is operating on a very tight budget and laying emphasis on government investments and industrial loans with which to promote economic development. Related to this is a determined drive to improve farming and to provide a much more stable and attractive existence for farmers. Major attention is being given to expansion of electric power, improvement of communications and transport and the growth of mining and of the chemical industry, particularly fertilizer production.

10. Mr. Kim told us that there had been a 2.8% growth in the gross national product in 1961 and that for 1962, which was the first year of the plan, the target was 5.7%. He was confident that this could be reached. He hoped that exports would increase considerably in 1962 and he said that the Korean authorities were counting on an expansion of aid from the United States and other countries. He was pleased that agreements had been signed whereby over the five-year period Germany would provide credits up to \$200 million and Italy up to \$100 million.

(Ambassador)

11. The U.S. Embassy/said that he was greatly encouraged by achievements in Korea in the latter part of 1961. Electrical power was expanding and this was having a good effect on industry.

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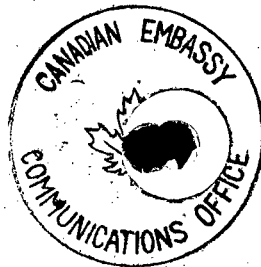
He thought the Supreme Council was bringing administrative order out of chaos. For instance, in the country districts they were vigorously attacking the traditional loan system under which the farmers were forever in debt to the money lenders. Mr. Kim had estimated that United States aid would be increased in 1962, but the U.S. Ambassador informed us that the total aid under all categories would be about the same as in the previous year. Grant aid would amount to approximately \$90 million. It had not yet been determined how far the U.S. would go in providing money in the form of development loans.

12. It was of particular interest to hear the U.S. Ambassador say that the attitude of the U.S. on aid to Korea had changed and that the staff of 500 employees in the aid mission would be cut in half. It had been concluded that excessive supervision of aid projects was arousing resentment amongst the Koreans. Too much advice on minor matters had been given. There had been almost no field of human endeavour with which Americans had not been associated. This had caused the Koreans to be overly dependent on outside experts. From now on the U.S. would concentrate on giving occasional advice on important issues in central fields of activity and would encourage the Koreans to run the projects themselves. With the new spirit and determination that was evident the Ambassador thought it was a highly probable that the Koreans would be able to do so.

13. In the two important realms of political and economic affairs, Korea is passing through a most important transition stage. People like the U.S. Ambassador who are closely associated with developments appear to be optimistic about progress made in both fields. Other observers, including the British Ambassador and the Australian Charge d'Affaires, are less enthusiastic about what is happening. They consider that the country is moving forward but that the Supreme Council has mapped out programmes which are much too ambitious. It will be some time before there are better indications of how well the present Korean government can move ahead with its great programme of revitalizing the nation. The crucial test will come a year hence when the military government is committed to hold elections and re-establish a civilian administration. In terms of the interests of the free world in Asia, it is most important that Korea receive all possible encouragement on both scores. If the present endeavours succeed we can hope that we will have a staunch and well-organized ally in this part of the world and a country whose people are as firmly anti-Communist as any to be found elsewhere. If the great plans do not succeed the country will certainly sink deeper into the mire of corruption and despondency than was the case in the worst period of its uncertain past. Every possible means should be sought by the Western members of the free world to give the Koreans firm encouragement at this time.

(SGD) B.A. KEITH

The Embassy



FILE:	
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FM CANARMY JAN 26/62 SECRET

TO MA TOKYO INT 1386

FROM DMI. EXTERNAL AFFAIRS REQUEST THAT ALL REPORTS FROM CLO KOREA BE PASSED TO THEM DIRECT. SUGGEST YOU PASS ONE COPY MARKED FOR EXTERNAL OTTAWA TO POLITICAL SEC CDN EMBASSY TOKYO. EXTERNAL WILL ADVISE EMBASSY OF CHANGE IN PROCEDURE. OTHER DISTR REMAINS UNCHANGED

CFN INT 1386

Col. McConnell

I don't understand what is wanted. We have been doing this,

*B. White
Jan. 30/62
000058*

13. FILE 3-2-2

Mr. J. J. Jones
+ file
B. Smith

JK

Tokyo, January 22nd, 1962

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7-1-1	
-	-

NOTES ON KOREA

Jan 22/62

GENERAL

The Korean military regime has moved with confidence into 1962 which General Park has called "the year of construction". In the major policy pronouncement on January 4, General Park Chung Hee outlined the six main points of his programme: anti-Communism, active diplomacy, expansion of diplomatic ties with friendly countries, reorganization of the government structure, social justice, economic planning and education.

- 2 -

INTERNAL POLITICAL DEVELOPMENTS

Return to Civilian Government

At a press conference on January 22 General Park said that the Supreme Council had begun work on drafting the new constitution. He said that the British and United States systems of democracy were not adaptable to the Korean situation but might inspire in general terms a new government structure. Park promised that diplomatic institutions would be restored in 1963 even if this has to be done before essential revolutionary objectives have not been achieved by then.

2. On January 8 two civilians replaced service officers as members of the Cabinet. They are Kim Sang Nyop who became Minister of Education and Cho Pyong Il who has been appointed Minister of Justice. These appointments are in line with the Government's policy to replace gradually officers by civilian administrators.

The Special Revolutionary Tribunal

So far approximately 700 persons have been convicted in the past six months; slightly more than half of these have been fined. Of the fourteen who have received death sentences, eight have been executed. The delayed verdicts in the trial of Chang Do Yong and 23 officers were rendered on January 10. Chang and his former private assistant were sentenced to death and four to life imprisonment. Nine were acquitted. The death and life sentences may be appealed and remain subject to confirmation by General Park Chung Hee.

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2. The Revolutionary Tribunal is to wind up its proceedings by April 1, 1962.

3. An announcement on January 12 stated that two groups of counter-revolutionaries had been arrested. The plotters were allegedly led by former politicians and were planning to assassinate leaders of the military regime. But the groups appear to be of minor importance and the arrests would seem to be designed to serve as an example to other potential plotters.

The National Reconstruction Movement

This movement was designed to explain the revolution to the Korean nation and to galvanize national energies in an effort to accomplish the revolutionary objectives of economic, social and educational progress. As many as 100,000 Koreans are to receive training in specially established centres throughout South Korea to familiarize themselves with methods of implementing Government plans.

2. A issued on December 18, 1961 established a National Construction Corps which will be formed of those who have evaded military conscription, as well as a number of persons who have been exempted from military service. Length of service and details of the organization are still somewhat vague. The main purpose of the Corps will be to provide a labour force for public works. Of particular interest is also the Student Enlightenment Corps Plan under which university college students will actively participate during vacation periods in the work of centres established by the National Reconstruction Movement.

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Family Planning

The Government has devoted a lot of attention recently to the problem of keeping South Korea's population at its present level. For this purpose it has been decided that family planning centres, where birth control methods will be taught, will be established throughout the South Korean territory.

Education

The Government has a master plan on education, designed to streamline education and modernize methods at all levels. Special attention is being given to university and college education. Under the programme a number of colleges will be reduced and strict rules will apply for admission to higher education. The number of graduates might decrease but the quality of education will improve.

Social Measures

Among several social measures which are being considered, the Government is giving thought to a plan under which medical doctors (perhaps as many as 300) will be recruited in the cities and requested to work in villages where the absence of doctors has hindered the improvement of health and sanitation standards.

Communism in South Korea

Subversion, Infiltration, Existence and Influence of Communist Party Cells and Cadres

The Press in South Korea

ECONOMIC AFFAIRS

Five-Year Economic Plan

The revised five-year economic plan was announced on January 13. In summary, it calls for a growth rate in G.N.P. of 5.7% in 1962 and up to 8.3% in 1966; for casting an average growth rate of 7.1% over the five-year period. In five years Hwan 3,000,000 million will be invested and the Government will provide more than half of this total amount. At the end of the period the contribution of industry to the G.N.P. is to be raised from the present 18% to 26%. Foreign exchange requirements amount to US \$92 million in 1962 rising to US \$138 million in 1966. This will be financed by overseas borrowing, government-owned dollars and A.I.D. funds. Per capita income is to be raised from US \$72^{million} in 1960 to US \$86 million in 1966. Exports are to be increased four-fold to US \$137 million in 1966.

2. General Park has stated that the annual programme under the general plans will be modified to meet existing conditions, as necessary.

Economic Assistance

No final decision as yet has been reached on the scope and volume of United States assistance for 1962. It is expected that total United States aid will certainly not be lower than in 1961 and most probably larger. Military assistance and defence support aid will remain at approximately the 1961 level. A new complicating factor in determining United States aid is the necessity for receiving countries to determine plans for industrial and capital developments in details before applying for assistance under the

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Development Loan Fund.

2. The amount of United States aid in 1962 is expected to reach approximately US \$210 billion, according to the figures quoted by the Korean authorities. In addition, to that, the Government might have at its disposal the unspent portion of United States aid for 1961 which appears to be a relatively large sum.

3. Under the new five-year economic plan the Korean Government has entered into negotiations with countries other than the United States to obtain long-term aid commitments. The first country to announce its decision to extend assistance to South Korea was West Germany. On January 15, 1962 it was announced that Germany had agreed to extend a total of US \$37.5 million in long-term loans and long-term export guarantees to assist South Korea's five-year economic plan (a figure of US \$18.75 million being earmarked for loans and the same amount taking the form of export guarantees.) Germany will also provide economic experts and technicians to assist in the developing of coal and iron mining.

4. South Korea has also signed a Memorandum of Understanding with Italy under which Italian authorities promised to consider the possibility of assisting in the implementation of the Korean Five-Year Plan.

5. The Five-Year Economic Plan makes no mention of possible Japanese aid contributions. General Park has stated publicly that the issue of economic co-operation with Japan could only be tackled after the normalization of relations.

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Foreign Trade

A general trade plan was published in early January. It is intended to earn Kwam one billion over the next five years from exports, sale of local products to U.S. forces and promotion of tourism. Under the plan three trade missions will visit South East Asia, Europe and Africa respectively during 1962. Korea will also take part in international trade fairs during the year. In addition, economic and commercial officers in Korean missions abroad have been recalled for a special period of training. Commercial sections in various countries will also be strengthened by the addition of new members.

2. Exports during 1961 are estimated to have reached US \$42.5 million, an increase of US \$10 million or 30% over the 1960 figure. The increase is attributed to the effect of the devaluation of South Korea's currency in early 1961 and to the introduction of substantial exports by the military regime. Exports to Japan are estimated to have reached nearly US \$21 million in 1961, an increase of about US \$3.5 million over the 1960 level. We have no figures for Japanese exports to Korea in 1961; the value of Japanese exports in 1960 was US \$100 million.

3. Iron ore and tungsten were South Korea's main exports in 1961.

1962 Budget

The 1962 budget announced in early January totals Kwam 689,100 million, an increase of Kwam 75,000 million over 1961. The deficit is expected to reach Kwam 11,000 million. Tax revenues are expected to produce approximately 40% of the total budget and counterpart funds derived from U.S. dollars aid are to cover the balance of budgetary appropriations.

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CANADIAN - KOREAN RELATIONS

General

On December 20, 1961 the Korean Ministry of Foreign Affairs issued a statement expressing Korea's hope to exchange diplomatic representatives with 20 countries including Canada.

Economic Co-operation

Korea and the Colombo Plan

Canadians in Korea

Information Work in Korea

Major Whalley has invited Mr. Lee Kang Yum, Director of the Korean Audio-Visual Education and Culture Centre, to a cocktail party he is giving on the occasion of our visit. Mr. Lee distributes National Film Board Films in Korea.

Unitarian Service Committee

Relations with Japan

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OUTGOING MESSAGE

FM: TOKYO JAPAN	DATE	FILE		SECURITY	
	JAN8/61	7-1-1 & 6-2-5 & 7-1-2		CONF	
TO: EXTERNAL CIT	INDEXED				
	NUMBER		PRECEDENCE		COMCENTRE USE ONLY
	9		OPIMMED		
INFO: PERMISNY					
WASHDC					

Ref.: CUNTEL 445 OF NOV17/61
Subject: SOUTH KOREA, CURRENT DEVELOPMENTS

AS 1962 GETS UNDERWAY THE SOUTH KOREAN SITUATION SEEMS TO BE MARKED BY POLITICAL CALM AND ECONOMIC PROGRESS. OUR DISCUSSIONS WITH JAPANESE, AMERICAN AND KOREAN OFFICIALS HERE INDICATE THAT CHL. PARK'S SUCCESSFUL VISITS TO TOKYO AND WASHINGTON HAVE CONSIDERABLY ENHANCED HIS POSITION WITH BOTH THE KOREAN PEOPLE AND THE ARMED FORCES. ALTHOUGH THE U.S. EMBASSY IN SEOUL HAS POINTED TO SIGNS OF FACTIONAL STRIFE WITHIN THE SUPREME COUNCIL ITSELF AND TO INDICATIONS THAT SOME YOUNG OFFICERS ARE DISSATISFIED, CHL. PARK IS DISPLAYING POLITICAL ACUMEN IN MAINTAINING A BALANCE BETWEEN RIVAL FACTIONS. HIS LEADERSHIP OF THE MILITARY REGIME CONTINUES TO BE UNCHALLENGED.

2. ONE SOURCE OF DISPUTE WITHIN THE COUNCIL IS THE REVOLUTIONARY TRIBUNAL WHICH IS CONDUCTING TRIALS INVOLVING CHARGES OF CORRUPTION, ELECTION RIGGING AND ANTI-STATE CRIMES. SOME SEVEN HUNDRED PERSONS HAVE BEEN INDICTED IN THE PAST FIVE MONTHS AND HALF OF THESE HAVE BEEN TRIED. FOURTEEN OF THESE HAVE RECEIVED DEATH SENTENCES AND IN SPITE OF CHL. PARK'S DESIRE TO SAVE THEM, EIGHT

LOCAL
DISTRIBUTION

ORIGINATOR	DIVISION	PHONE	APPROVED BY
SIG. B.Keith/J.Dupuis/bt			SIG. [Signature]
NAME			NAME

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HAVE BEEN EXECUTED. PARK AND OTHERS ARE CONCERNED ABOUT THE EFFECT OF SUCH EXECUTIONS ON SOUTH KOREA'S STANDING ABROAD; EXTREMIST ELEMENTS IN THE COUNCIL, HOWEVER, INSIST THAT THE AIMS OF THE REVOLUTION CANNOT BE ACHIEVED UNLESS THE TRIBUNAL IS SEVERE. PROBABLY THROUGH PARK'S INTERVENTION, THE VERDICT ON THE ~~CORRUPTION~~ TRIAL OF GENL. CHANG DO YUNG, THE FIRST CHAIRMAN OF THE SUPREME COUNCIL, HAS BEEN TWICE POSTPONED.

3. IN AN OPTIMISTIC YEAR-END STATEMENT PARK SAID NEGOTIATIONS WITH JAPAN WOULD BE CONTINUED IN THE NEW YEAR AND ECONOMIC CO-OPERATION WOULD FOLLOW NORMALIZATION OF RELATIONS. THE JAPANESE FOREIGN MINISTRY IS LESS SANGUINE. PRIOR TO DEC23, WHEN THEY RECESSED, THE NEGOTIATIONS WENT SLOWLY. THEY ARE DUE TO RESUME JAN23 BUT SINCE ROK-JAPAN RELATIONS HAVE BECOME A LIVELY POLITICAL ISSUE ON WHICH THE ^{JAPANESE} PRIME MINISTER IS UNDER ATTACK BY THE SOCIALISTS, ^{AND LACKS SUPPORT OF SOME MINISTERS} RESUMPTION MAY BE DELAYED. KOREAN CLAIMS WILL BE BETWEEN 1200 AND 1500 MILLION DOLLARS. THE U.S. EMBASSY HERE BELIEVE THAT IT WILL BE DIFFICULT FOR THE KOREANS TO ACCEPT LESS THAN 500 MILLION DOLLARS AS A FINAL SETTLEMENT. THE JAPANESE, FOR THEIR PART, MIGHT BE PREPARED TO PAY KOREA 400 TO 450 MILLION WITH 100 MILLION REGARDED AS A SETTLEMENT OF CLAIMS AND THE BALANCE AS ECONOMIC ASSISTANCE.

4. PRIME MINISTER IKEDA SEEMS TO HAVE FAILED IN HIS SINCERE ATTEMPT TO REACH A COMPROMISE AT THIS TIME ON THE QUESTION OF CLAIMS AND THIS COULD, IN OUR OPINION, BRING ABOUT A RUPTURE OF THE CURRENT NEGOTIATIONS AND EVEN REVERSE THE PROGRESS THAT HAS BEEN MADE TOWARD A JAPANESE-KOREAN RECONCILIATION.

J. Dupuis/bt

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

(FILE COPY)

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: The Canadian Embassy
Tokyo, Japan

Reference: Your Letter No. Y-441 of November 14, 1961

Subject: Korea--Publication Entitled "One Korea"

Confidential

Security:.....

No:.....7

Date: January 4, 1961

Enclosures: nil

Air or Surface Mail: air

Post File No: 7-1-1

Ottawa File No.

References

We were interested to learn from your letter under reference that a copy of the above-mentioned publication should have reached the Department in Ottawa. We have ourselves been receiving the magazine in question free of charge since it began publication in June 1961.

2. One Korea is published in Tokyo by Tong-Il Choson Shinmoon Inc., a publishing house which has been operated for some years by a group of South Koreans in Japan. The same organization has also been publishing for several years a Japanese-language weekly known as The United Korea Press (Toitsu Chosen Shinbun).

3. The enquiries we have made concerning the political orientation of the publishers reveal that their organization was created a few years ago by South Korean politicians and intellectuals who took refuge in Japan during the Syngman Rhee regime. We have learned that the movement was originally quite genuinely pro-democratic and appeared to favour the re-unification of Korea along the lines proposed by Western countries in the United Nations. There is little doubt, however, that it gradually has been infiltrated by pro-Communist elements and has now become a mouthpiece for the Chosen Soren, the leading Communist front-organization of North Koreans in Japan.

4. After reading a few issues of One Korea, we cannot escape the conclusion that the magazine is purposely restricting its coverage to South Korean affairs and concentrating on mounting a campaign to undermine and vilify the South Korean military regime led by General Park Chung Hee. The carefully-worded statement found in the inside front cover of the magazine concerning the objectives of the publishers as well as the publication of an appeal by General Park Chung Hee in the November 1 issue would appear to be a typical examples of the boobytraps used by front-organizations to convince naive readers of their impartiality.

Internal
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Distribution
to Posts

(SGD) B.A. WEITH
The Embassy

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

Referred: TOKYO ←
Far Eastern Division

Economic/D.B. Wilson/mj
Jan 3/62



CONTAINS CONFIDENTIAL
INFORMATION

December 22, 1961

To: Members of the Executive Board
From: The Secretary
Subject: Korea - 1960 Article XIV Consultations

There follows for the records of the Executive Directors the decision taken by the Executive Board at Meeting 61/57, December 22, 1961, on the 1960 Article XIV consultations with Korea.

1. The Government of Korea has consulted the Fund under Article XIV, Section 4, of the Fund Agreement concerning the further retention of its transitional arrangements.

2. The rate of expansion of the Korean economy slowed down in 1960. Rice and other grain crops were smaller, output of fishery products again declined, and the rate of growth of manufacturing production was considerably less than in 1959. Agricultural production recovered in 1961, but manufacturing production declined in the first seven months of the year.

3. Considerable progress was made in 1960 toward achieving monetary stability, principally because of a budgetary surplus. However, the budget estimates for FY 1961 show a large deficit. With the change in the budgetary position, a substantial increase in international reserves, and continued expansion of credit to the private sector, money supply increased by 29 per cent in the first three quarters of 1961. The rate of increase in prices, which slackened in 1960, accelerated sharply in the first quarter of 1961, and prices increased again in the third quarter. The Fund strongly recommends that the Korean authorities tighten their fiscal and monetary policies.

4. Exports increased substantially in 1960 and the first half of 1961, principally because of full resumption of trade with Japan; however, they were still only 10 per cent of total imports. The deficit on account of goods and services decreased in the first half of 1961 with the increase in exports and a decline in imports. With aid receipts more than covering the over-all deficit, international reserves continued to increase. The Korean authorities recognize the urgent need to expand production and exports and are undertaking numerous development projects.

5. Korea has abolished the auction sales of exchange for imports and the retention quota system. The Fund welcomes these changes. All transactions now take place at the banking rate, except that the subsidies paid on exports have some multiple rate aspects. The Fund does not object

- 2 -

on a temporary basis to these practices. Present payments relations with Japan, the only country with which Korea has a bilateral payments agreement, are now practically on a cash payment basis.

6. In concluding the 1960 consultations, the Fund has no other comments to make on the transitional arrangements maintained by Korea.

Other Distribution:
Department Heads
Division Chiefs

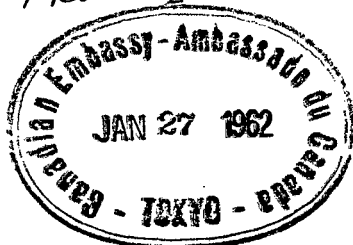
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DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR
AGENDA

To: Tokyo

From ECONOMIC DIVISION



FILE:

7-1-1

SM/61/50

Supplement 1

Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

December 21, 1961

file
BK

To: Members of the Executive Board

From: The Secretary

Subject: Korea - 1960 Article XIV Consultations

The following corrections have been made in the staff report on the 1960 consultations with Korea (SM/61/50, Supplement 1). Corrected pages are attached.

Page 5, second complete paragraph: Replace the paragraph by the following:

b. Institutional reforms. The "Special Law Enforcing the Prosecution of the Illegal Profiteers", promulgated on June 14, 1961, provides for the return to the Government of any bank shares originally sold by the Government from vested holdings and at present held by illegal profiteers as defined in the Law. Since the amount involved is reported to be substantial, government control over management of commercial banks is expected to become important. An order implementing the "Emergency Law for Financial Institutions" was promulgated on July 5, 1961. The Law is primarily designed to reduce the control of large shareholders over commercial banks by limiting their voting power. No individual will be permitted to exercise more than 10 per cent of the total voting power of any commercial bank.

Page 5, last incomplete paragraph, fourth line from the top: for "hw 109.2 billion" substitute "hw 110.8 billion" and second line from the bottom, for "hw 110.7 billion" substitute "hw 109.4 billion."

Page 6, first incomplete paragraph, second line from the top: for "hw 55.2 billion" substitute "hw 54.9 billion" and third line from the bottom, for "2,000" substitute "3,700".

Att: (2)

Other Distribution:
Department Heads
Division Chiefs

000074

- 5 -

SM/61/50, Supplement 1
Corrected: 12.21.61

On September 7, the Monetary Board authorized commercial banks to grant loans to importers of 16 categories of commodity imports with ICA dollars and as from October 13, the Monetary Board extended this privilege to importers of all categories of commodity imports with ICA dollars. Previously such loans were granted only to importers of two categories. Such loans are not subject to the quarterly loan ceilings (see below). Loans are permitted up to a maximum of 650 hwan per U.S. dollar for end-users and 300 hwan per U.S. dollar for registered foreign traders. These steps were taken to expedite imports with ICA dollars, which have been slow in recent months.

b. Institutional reforms. The "Special Law Enforcing the Prosecution of the Illegal Profiteers", promulgated on June 14, 1961, provides for the return to the Government of any bank shares originally sold by the Government from vested holdings and at present held by illegal profiteers as defined in the Law. Since the amount involved is reported to be substantial, government control over management of commercial banks is expected to become important. An order implementing the "Emergency Law for Financial Institutions" was promulgated on July 5, 1961. The Law is primarily designed to reduce the control of large shareholders over commercial banks by limiting their voting power. No individual will be permitted to exercise more than 10 per cent of the total voting power of any commercial bank.

A Medium and Small Scale Industry Bank was established on August 1. The Bank is to lend exclusively to medium and small scale enterprises. All fiscal lending funds previously lent to the Korean Agricultural Bank (KAB) and to commercial banks for the purpose of relending them to medium and small scale enterprises were turned over to the new Bank, and the Bank took over 31 branch offices of the KAB. For additional financial resources, the new Bank may accept installment savings (checking accounts may be opened only by loan recipients) and borrow from the Treasury and the Bank of Korea.

On August 15, the KAB and the Farm Cooperatives were consolidated into Agricultural Cooperatives (AC). All assets and liabilities of the KAB were turned over to the AC, except those turned over to the Medium and Small Scale Industry Bank. The major functions of the AC include production, sales and purchases, and provision of credit and other facilities. Except for credit extension, these functions are performed by all levels of the AC. The credit function is handled only by the Central Association and the county cooperatives.

c. Developments in credit and money. The expansion of bank ^{1/} credit to the private sector in the first three quarters of 1961 was considerably less than the ceilings provided under the quarterly loan ceiling program. The revised credit ceilings for the second quarter were hw 110.8 billion for the commercial banks and hw 80.3 billion for the KAB; whereas the amount of loans subject to ceilings actually outstanding at the end of the second quarter was hw 104.4 billion in the case of the former and hw 52.5 billion in the case of the latter. At the end of the third quarter, commercial bank loans subject to ceilings amounted to hw 109.4 billion compared with the ceiling of hw 114.2 billion, and loans by the AC

^{1/} All banks other than the Bank of Korea and the Korean Reconstruction Bank.

- 6 -

SM/61/50, Supplement
Corrected: 12.21.61

and the newly established Medium and Small Scale Industry Bank amounted to hw 54.9 billion as against the ceiling of hw 83.5 billion. The large margin between the programmed loan ceilings and the extension of credit in both quarters in the case of the AC and the Medium and Small Scale Industry Bank was mainly attributable to a smaller extension of advance rice lien loans than initially programmed. This smaller extension was due in part to higher market prices of grains in this period and in part to the delay in the decision of the Government as to the amount of loans to be given under the 1961/62 rice lien loan program. The Government announced on October 16 the details of the rice lien program for 1961/62. According to the new program, the AC will grant loans totaling hw 25.0 billion against one million suk of rice, compared with actual loans of hw 23.5 billion against 1.2 million suk of rice under the 1960/61 program. This implies an increase in the amount of loan to be given per suk of rice from 21,000 hwan in the previous program to 25,000 hwan in the current program. In order to avoid any consequent undue increase in loans, the AC is to withhold, for three months, 3,700 hwan per suk of rice loans made. The amount withheld would earn interest at 9 per cent per annum.

All bank loans to the private sector (including loans outside the ceilings) increased by hw 36.4 billion, or 15.0 per cent, in the first nine months of 1961, compared with an expansion of hw 31.2 billion, or 17.1 per cent, in the corresponding period of 1960.

Money supply increased substantially in 1961. In the first nine months of the year, it increased by 29 per cent (from hw 219 billion to hw 283 billion), most of this increase having occurred during May-September 1961. In comparison, money supply had decreased by about 5 per cent in the first three quarters of 1960. The increase in money supply thus far in 1961 is hw 40 billion larger than the ceiling set for the full year under the stabilization program for 1961 (see SM/61/50, Part I, p. 12). The Korean authorities do not expect that money supply at the end of 1961 can be kept under this ceiling. However, no new ceiling has been set.

Full details of factors relating to money supply are available only for the period up to July 1961 (Table 2). In these seven months, money supply increased by 19 per cent in contrast to a decline of 3 per cent in the corresponding period of 1960. A substantial increase in net foreign assets and in bank credit to the private sector were the principal factors contributing to the monetary expansion in the 1961 period. Credit expansion to the private sector was about the same magnitude as in the 1960 period (hw 25 billion), but the increase in net foreign assets (hw 39 billion) in 1961 compared with a small reduction (hw 5 billion) a year ago. Although over-all transactions of the Government (including counterpart fund accounts and fiscal funds lent to banks) added only hw 4.7 billion to money supply in the first seven months of 1961, this contrasted with the position in the same period of 1960 when they had reduced money supply by hw 31.7 billion.

7-1-1	
-	-

File
UP

November 29, 1961

Note for Hirodo San

Subject: Monthly publication "One Korea"

Attached are copies of recent issues of a monthly publication entitled: "One Korea" which we have been receiving, free of charge, in the Embassy for a few months. As you will note, this periodical is published by Mr. Yee Young Keun whose address is given as 1-1 Yotsuya, Shinjuku-ku, Tokyo, and describes itself as a magazine of news and views of Korea's unification movement. You will also see that in each of the attached issues, the inside front cover contains a description of the aims and demands of the group that publishes the magazine.

2. The November issue, like the previous ones, contains ~~the~~ bitter attacks on the present military regime in South Korea led by Park Chung Hee. On the other hand, it contains the text of an appeal to North Korea by General Park on the question of Korea's re-unification.

3. I would very much like to have more information on the publisher of this magazine, as well as on the organization or groups which support it. Perhaps we could discuss, at your convenience, the best manner of obtaining information in this regard. It may be that Mr. Okubo might be in a position to find out more about "One Korea", its publisher and supporters.

M. Dupuis



TRANSMITTAL SLIP

File: 7 - 1 - 1	
Security	RESTRICTED

TO: The Canadian Embassy
TOKYO, Japan.

Date: November 22, 1961.

FROM: The Under Secretary of State for
External Affairs, Ottawa.

Air or Surface: Air

No. of enclosures: 1

Handwritten notes:
2-2-11
R
lib
B/G/D

The documents described below are for your information.

Despatching Authority: Far Eastern/R.V. Gorham

Copies	Description	Also referred to:
1	Memorandum to File No. 6605-BG-40 dated November 22, 1961. Subj: Appointment of Korean Vice Minister for Foreign Affairs	

INSTRUCTIONS

1. This form may be used in sending material for informational purposes from the Department to posts abroad and vice versa.
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Far Eastern/R.V. Gorham/nd

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: FILE NO. 6605-BG-40

Security RESTRICTED

Date November 22, 1961

FROM: R.V. GORHAM - FAR EASTERN DIVISION

File No.

REFERENCE:

SUBJECT: APPOINTMENT OF KOREAN VICE MINISTER FOR FOREIGN AFFAIRS

The British Embassy, Seoul, Korea Fortnightly
Report No. 21 states that Mr. LEE Won.-Kyong was
appointed Vice Minister of Foreign Affairs of Korea
in October 1961. Mr. Lee was a member of the Korean
Goodwill Mission which visited Ottawa in July.
Previously Mr. Lee had served as Director of the
Hapdong News Agency, as Chief of Protocol and as a
Counsellor in the Korean Mission to Japan.

CIRCULATION

Tokyo.

R. V. Gorham.

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INDEXED

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Original on 6-2-5

FM TOKYO NOV17/61 CONFID

TO EXTERNAL 445 OPIMMED

INFO TT WASHDC PERMISNY OPIMMED LDN EMBPARIS NATOPARIS PRIORITY FM OTT
BAG DELHI KARACHI COLOMBO KLUMPUR WLGTN CNBRA JAKARTA FM LDN
JAPAN-KOREA RELATIONS: PARKS VISIT

REF OURLET 531 SEP29

GENERAL PARK CHUNG HEE, CHAIRMAN OF SOUTH KOREA'S SUPREME COUNCIL FOR
NATIONAL RECONSTRUCTION, STOPPED OVER IN TOKYO ON NOV11 FOR A 30 HOUR
VISIT, ON HIS WAY TO WASHDC.

2. WE HAVE LEARNED FROM TOSHIKAZU MAEDA, CHIEF OF NORTHEAST ASIAN SEC-
TION IN THE FOREIGN MINISTRY THAT THE FOLLOWING POINTS EMERGED DURING
THE EXCHANGE OF VIEWS WHICH TOOK PLACE BETWEEN THE KOREAN LEADER AND
PM IKEDA ON NOV12:

(A) BILATERAL NEGOTIATIONS - GENERAL PARK AND MR IKEDA AGREED ON NECE-
SSITY TO EXPEDITE NEGOTIATIONS ON BILATERAL PROBLEMS WHICH HAVE MADE
LITTLE PROGRESS SINCE THEY BEGAN IN TOKYO ON OCT20. HOWEVER, PARK
RECOGNIZED THAT SETTLEMENT OF BILATERAL ISSUES COULD NOT RPT NOT BE
ACHIEVED BY THE END OF 1961 AS HE HAD HOPED, MAINLY BECAUSE OF DELAY
INVOLVED IN EXAMINING LEGAL EVIDENCE IN SUPPORT OF KOREAN PROPERTY
CLAIMS. IT IS NOW HOPED THAT AGREEMENT MIGHT BE REACHED BY APR, 1962.
IF SO GENERAL PARK WOULD THEN AGREE TO HAVING A JAPANESE EMB IN
SEOUL.

(B) KOREAN CLAIMS - GENERAL PARK TOLD MR IKEDA THAT KOREA WOULD ASK
JAPAN ONLY FOR COMPENSATION OF QUOTE LEGALLY SUBSTANTIATED DEBTS
UNQUOTE AND WOULD NO RPT NO LONGER INSIST ON REPAYMENT IN CASES
WHERE SUPPORTING EVIDENCE IS SLIGHT. WHILE NO RPT NO FIGURES WERE
MENTIONED PARKS CONCESSION WILL RESULT IN A SUBSTANTIAL REDUCTION OF
TOTAL AMOUNT OF CLAIMS, WHICH HAD BEEN PREVIOUSLY ASSESSED BY KOREANS
AT DOLLARS 800 MILLION.

(C) FISHERIES PROBLEMS - AS EVIDENCE OF KOREA'S GOODWILL, GENERAL PARK
GAVE ORDERS IMMEDIATELY BEFORE HIS DEPARTURE FOR JAPAN FOR THE

...2

PAGE TWO 445

RELEASE OF FIVE JAPANESE SHIPS AND THEIR CREWS SEIZED IN THE VICINITY OF THE RHEE LINE IN RECENT MONTHS. IN PRIVATE CONVERSATIONS AND PUBLIC PRONOUNCEMENTS IN TOKYO, PARK REITERATED THAT HIS GOVT WAS PREPARED TO TAKE A FLEXIBLE STAND ON THE RHEE LINE AND OTHER FISHERIES ISSUES IF KOREA OBTAINS SATISFACTION ON CLAIMS PROBLEM.

(D) ECONOMIC AID - ACCORDING TO MAEDA, GENERAL PARK REPEATEDLY EMPHASIZED THAT KOREAN PUBLIC OPINION WAS NOT RPT NOT PREPARED TO ACCEPT THE IDEA OF FREE ECONOMIC AID FROM JAPAN AND REQUESTED THAT JAPANESE ASSISTANCE TAKE THE FORM OF LONG TERM CREDITS AND LOANS AT A LOW INTEREST TO HELP FINANCE SOUTHKOREAS FIVE-YEAR ECONOMIC PROGRAMME. HE FRANKLY ADMITTED HOWEVER THAT HE WOULD BE UNABLE TO DISCUSS THE AMOUNT OF JAPANESE AID UNTIL AFTER HIS RETURN FROM WASHDC, WHERE HE WOULD TRY TO OBTAIN A FIRM COMMITMENT ON USA ASSISTANCE. IT WAS AGREED THAT HIGH LEVEL DISCUSSIONS ON JAPANESE AID WOULD BE CONDUCTED PROBABLY IN SEOUL IN EARLY DEC. FOR PRESTIGE REASONS GENERAL PARK EXPRESSED DESIRE THAT JAPANESE NOMINATE A PROMINENT PERSONALITY SUCH AS FORMER PM KISHI TO HEAD JAPANESE DEL FOR THE PROPOSED TALKS ON ECONOMIC COOPERATION.

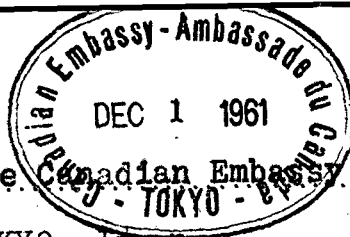
3. THE JAPANESE GOVT LEADERS ARE WELL SATISFIED WITH THE RESULTS OF VISIT. MAEDA TOLD US THAT DURING CONVERSATIONS, WHICH WERE HELD IN CORDIAL ATMOSPHERE, MR IKEDA SUCCEEDED IN CONVINCING PARK OF SINCERITY OF JAPANESE INTENTIONS. USA EMB OFFICIALS IN TOKYO BELIEVE THAT SUCCESS OF VISIT HAS STRENGTHENED JAPANESE GOVTS HAND IN PRESSING FORWARD FOR EARLY RECONCILIATION WITH SOUTHKOREA. THEY POINT OUT THAT MR IKEDA HAD OVERRULED BOTH HIS CABINET AND HIS PARTY IN TAKING INITIATIVE IN INVITING KOREAN LEADER AT A TIME WHEN THE GOVT IS SUBJECTED TO BITTER ATTACKS BY THE SOCIALISTS WHO CLAIM THAT A RECONCILIATION WITH SOUTHKOREA WILL COMPROMISE KOREAN REUNIFICATION AND WILL LEAD TO ESTABLISHMENT OF MILITARY ALLIANCE COMPOSED OF USA, JAPAN AND SOUTHKOREA. (AT A PRESS CONFERENCE ON NOV11, MR IKEDA REJECTED ANY SUGGESTION THAT HIS GOVT MIGHT CONSIDER SUCH A DEFENCE

PAGE THREE 445

ARRANGEMENT.)

4.WE BELIEVE PARKS VISIT HERE PERMITTED JAPAN AND KOREA TO MAKE GOOD PROGRESS IN THE ESTABLISHMENT OF A MORE REASONABLE RELATIONSHIP. ALTHOUGH THEIR POSITIONS REMAIN WIDE APART ON SEVERAL ISSUES,THE FACT THAT LEADERS OF BOTH COUNTRIES ARE NOW ABLE TO EXCHANGE VIEWS IN A FRIENDLY MANNER AUGURS WELL FOR THE FUTURE

BULL



TRANSMITTAL SLIP

7 - 1 - 1

CONFIDENTIAL

TO: The Canadian Embassy
TOKYO, Japan

Security.....

Date..... November 17, 1961..

FROM: The Under Secretary of State for
External Affairs, Ottawa

Air or Surface... AIR

No. of enclosures. 1

The documents described below are for your information.

Amador B
DND
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Despatching Authority... Far Eastern/R.V.Gorham

Copies	Description	Also referred to: <i>Bk</i>
1	Memorandum to file dated Nov. 17/61 Subj: Visit of the Korean Goodwill Mission to Central and South America	Latin American Div. London Washington Tokyo Wellington Canberra

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TRANSMITTAL SLIP

7-7-7	
CONFIDENTIAL	

TO: THE CANADIAN EMBASSY

TOKYO, TOKYO - epw

FROM: The Under Secretary of State for
External Affairs, Ottawa

Security: COPY 007-2-1

Date: November 16, 1961.

Air or Surface: Air

No. of enclosures: 1

The documents described below are for your information.

Despatching Authority: Far Eastern/R.V.Gorham

Copies	Description	Also referred to:
1	Memorandum for File No. 8254-40 dated November 16, 1961. Subj: Lt.-Col. Little's Views on South Korea.	<i>B</i> <i>Ambassador (see memo)</i> <i>W. J. P.</i> <i>W. J. P.</i> <i>in diff. file</i> <i>B. Keith.</i>

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DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO:
.....
FROM:
.....
REFERENCE:
.....
SUBJECT:
.....

CONFIDENTIAL

Security

November 17, 1961.

Date

File No.

VISIT OF THE KOREAN GOODWILL MISSION TO CENTRAL
AND SOUTH AMERICA

In August a number of our missions in Central and South America were asked to report on the visit of a Korean Goodwill Mission to countries in these areas. The objectives of the Goodwill Mission appeared to be the same for each visit, i.e., to create goodwill toward Korea; to explain the military coup d'état; to seek the establishment of diplomatic relations; and to propose in vague terms an increase in trade.

2. It would appear from the reports provided by our missions that throughout Central and South America the visit of the Korean Mission occasioned very little attention or comment but probably did create some goodwill toward Korea. Only Costa Rica actually agreed to establish diplomatic relations with Korea; Haiti agreed only to consider the matter; Brazil agreed only in principle; Peru, Chile and Argentina gave the Koreans no encouragement. The expansion of trade appears to have been discussed only in one or two countries, and then only in the vaguest of terms.

CIRCULATION

Latin American
Div.
London
Washington
Tokyo
Wellington
Canberra

J. M. TEAKLES

Far Eastern Division.

Far Eastern/8.7.00ham/nd

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

TO: FILE NO. 8254-40	CDN. EYES ONLY Security CONFIDENTIAL
FROM: FAR EASTERN DIVISION	Date ... November 16, 1961.
REFERENCE:	File No.
SUBJECT: LIEUTENANT-COLONEL LITTLE'S VIEWS ON SOUTH KOREA	

On Tuesday, October 3, Lt.-Col. Little, until recently the Canadian Liaison Officer attached to the United Nations Command in South Korea, called on Far Eastern Division and on Mr. Glazebrook. During his discussions Lt.-Col. Little made the following points:

2. General Pak is an extremely dedicated man with no record of corruption. He was arrested and sentenced to death for communist activity in 1949 but was subsequently released because of assistance he gave in identifying other communist supporters in South Korea. Except for these facts, which are public knowledge, it has been extremely difficult to document other rumours that Pak had actual dealings with the communists.

3. If South Korea is favoured by a mild winter and good crops and the starvation which occurred last spring is avoided, and if General Pak should remain alive, President Chung might retire in favour of General Pak. In such an event Colonel Kim Chung Pil would very likely become Prime Minister.

4. Colonel Kim Chung Pil is presently the Director of the very powerful Central Intelligence Bureau in South Korea. The speed and efficiency with which this Bureau was established within a few short weeks after the coup testifies to Colonel Kim's abilities. Colonel Kim is an absolutely incorrupt, ruthless, dedicated soldier who appears to have many loyal supporters.

5. A noteworthy feature of Colonel Kim's Central Intelligence Bureau is the absence of United States advisers, in marked contrast to other departments of the Korean Armed Forces. The United States authorities are more than a little disturbed by this. The coup on May 16 caught the United States authorities completely by surprise; it probably shattered for all time the trust in the Korean Armed Forces which had grown up during the years. Senior United States authorities in Korea are now very conscious of the possibility that they might suddenly "find that the rug had been pulled from under their feet".

6. There have been rumours that Chung Il Kwon, the present Ambassador to the United States (and the leader of the Korean Goodwill Mission to Canada) might be appointed to some post in the Korean Government. According to information received from the British Embassy in Seoul, Chung Il Kwon had declined an offer to become Foreign Minister. Other rumours have it that Chung might become President.

...2

CIRCULATION

Mr. Glazebrook
O.L. (2)
Washington
Tokyo ✓

- 2 -

7. During the Chang Myon regime the students of South Korea clearly were getting out of hand. This fact could have been an important element leading to the decision to carry out a military coup. It was curious, however, that of the thousands who were arrested at the time of the coup because of alleged communist sympathies, most were released shortly afterward. Although there is no firm proof, it is possible that this large number of apparently unnecessary arrests was designed to impress the West with the ardent anti-communism of the new regime. The military leaders might have concluded that a policy of anti-communism would be most attractive to the West, particularly the United States, whereas a policy solely of anti-corruption could embarrass the United States because the misuse of millions of dollars of United States aid must have been known to, and possibly condoned by, senior United States officials in Korea.

8. Within the Korean Armed Forces there are three cliques. One clique is composed of those Koreans who served as officers in the Japanese Armed Forces during World War II. (During the Japanese occupation of Korea it was the Japanese policy to accept for training in Japanese universities only those Korean students with the highest academic records. One can assume that any Korean who was educated in Japan is a person of ability and high intellectual calibre.)

9. The second clique in the Armed Services is composed of those officers who were trained by Nationalist China in a special military academy in Manchuria. The Director of the academy (and a former Vice-President of South Korea) was Lee Bum Suk. Lee Bum Suk, who is still active, has been accused by many in South Korea of being a fascist and a potential dictator. He still has considerable influence among his former students of the military academy and can not be ruled out as a possible future leader in Korea.

10. The third clique is made up of younger officers who were trained by the United States before and during the Korean War.

11. The establishment of a Canadian Embassy in Seoul would have no great advantage for Canada or for South Korea. However, the establishment of diplomatic relations by means of accrediting the Ambassador in Tokyo to Korea would have advantages which would outweigh the disadvantages of cost. Chief among these would be the indication to the South Korean Government that it was accepted and supported by the West. The present regime in South Korea offered the last chance; if it should fail the country would probably fall prey to the communist bloc. Contacts are easily made in South Korea and occasional visits by the Ambassador and other officers from Tokyo would be helpful, not only in providing first-hand information concerning developments in that country but also to persuade, on occasion, the Korean authorities against adopting policies which would be unwelcome to the West. If diplomatic relations were established with South Korea the Canadian Trade Commissioner and the Canadian Military Attache in Tokyo (both of whom are also accredited to Korea) and the Canadian Liaison Officer in Seoul would

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- 3 -

enjoy much greater status in Korea and greater access to Korean Officials. In such an event, it would be helpful if the Canadian Liaison Officer in Seoul were accorded the status of Assistant Military Attache, in order to enhance his position vis-a-vis South Korea and other military authorities there. Furthermore, the extra allowances involved would enable the officer to carry out the representational responsibilities suggested in Tokyo's Telegram No. 335 of September 22.

12. The possibility that the South Korean authorities really do not want reunification at this time because they doubt their ability to withstand communist pressures had not been entertained openly in Korea, if at all. All public and official pronouncements in Korea have indicated the Government's dedication toward reunification. However, reunification on terms suitable to the West does not seem possible in the foreseeable future.

J. M. TEAKLES

Far Eastern Division.



DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

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INDEXED

TO: The Canadian Embassy
TOKYO, Japan

FROM: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

Security: CONFIDENTIAL

No: Y-441

Date: November 14, 1961.

Enclosures: 1

Air or Surface Mail: AIR

Post File No:

Ottawa File No.
8254-40

Reference:
Subject: KOREA - PUBLICATION ENTITLED
ONE KOREA

References

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Attached for your information is a copy of a publication entitled One Korea which was received here. The publisher and editor is listed as Mr. Yee Young Keun of 1-1 Yotsuya Shinjuku-ku, Tokyo. A quick glance reveals that this publication is sympathetic to the communist regime in North Korea but surprisingly it contains, nevertheless, the text of the appeal to North Koreans by General Pak Chung Hi, the leader of the military government in South Korea.

2. We should be grateful for any information you can obtain concerning the publication One Korea.

Internal
Circulation

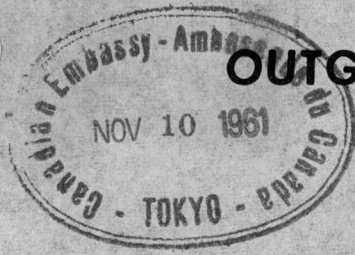
for the Under-Secretary of State
for External Affairs

- ① Ambassador - to see
- ② Mr. Dupuis - to investigate and prepare reply please

Distribution
to Posts

Washington

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA



OUTGOING MESSAGE

FILE: 7-1-1
Spike

FM: KUALA LUMPUR	DATE	FILE	SECURITY
	NOV2 1961	X REF. ON 8-7-31	CONFIDENTIAL CANADIAN EYES ONLY
TO: EXTERNAL OTTAWA BAG FM KLUMPUR: COLOMBO DELHI KARACHI DJAKARTA TOKYO CANBERRA WELLINGTON	NUMBER	PRECEDENCE	COMCENTRE USE ONLY
	282	OPIMMEDIATE	
INFO: EXTAID WASHDC IDN			

Ref.: OUR TEL 280 OCT31
Subject: COLOMBO PLAN CONFERENCE - ADMISSION OF SOUTH KOREAN OBSERVERS

SHORTLY BEFORE BUSINESS COMMITTEE MET YESTERDAY AFTERNOON
CONFERENCE SEC.GEN. TOLD ME HE HAD NOW RECEIVED REPLIES FROM ALL MEMBERS
OF CONFERENCE AND IT APPEARED NO ONE WOULD OBJECT TO KOREAN DEL. BEING
ADMITTED AS OBSERVERS ONLY AT THIS SESSION OF CONSULTATIVE COMMITTEE.
2. CHAIRMAN THEN RAISED THE QUESTION IN COMMITTEE ALTHOUGH CEYLON REP.
WAS ABSENT PROBABLY INTENTIONALLY. INDONESIAN REP. DEPLORED KOREAN
PRESSURE TACTICS, SENDING A DELEGATION UNINVITED, BUT SAID THAT TO SAVE
MALAYANS FURTHER EMBARRASSMENT HE WOULD NOT OBJECT TO ADMISSION OF SOUTH
KOREANS AS OBSERVERS THIS YEAR WITHOUT PREJUDICE TO CONSIDERATION OF A
MUCH EARLIER APPLICATION NEXT YEAR IN RELATION TO A CLEARER DEFINITION
OF COLOMBO PLAN AREA WHICH MUST BE SETTLED FIRST.
3. SINCE COMMENTS OF INDONESIAN REP. AND ABSENCE OF CEYLON REP. HARDLY
JUSTIFIED CONCLUSION THAT THE ASIAN MEMBERS WERE UNANIMOUS, I SUPPORTED
INDONESIAN SUGGESTION FOR FURTHER STUDY OF THE GEOGRAPHICAL CRITERIA

... 2.

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ORIGINATOR	DIVISION	PHONE	APPROVED BY
SIG.....			SIG.....
NAME.....			NAME.....

J. George

- 2 -

AT THE PRESENT SESSION (WITHOUT KOREAN PARTICIPATION) OR BEFORE NEXT YEAR'S CONSULTATIVE COMMITTEE. HOWEVER I ALSO ACCEPTED THE WISHES OF MOST MEMBERS OF THE REGION.

4. NO ONE ELSE SPOKE ON THIS POINT AND INVITATION IS BEING EXTENDED TO KOREAN DELEGATION THIS MORNING NOV2.

5. FROM PRIVATE ENQUIRIES AMONG DELEGATIONS WE ARE SATISFIED USA HAS BROUGHT NO (REPEAT NO) PRESSURE TO BEAR AT CONFERENCE IN SUPPORT OF KOREA'S APPLICATION. EMERSON ROSS, HEAD OF OFFICIAL USA DELEGATION, TELLS ME USA EMBASSY IN SEOUL ENCOURAGED KOREAN AUTHORITIES WITHOUT INSTRUCTIONS FROM STATE DEPARTMENT AND BEFORE ROSS WAS CONSULTED ON COLOMBO PLAN ASPECTS. BOTH HE AND HUMPHREY, LEADER OF UK DELEGATION, PERSONALLY REGRET DECISION WHICH CANNOT BE JUSTIFIED ON GEOGRAPHICAL GROUNDS BUT THEIR MOST RECENT INSTRUCTIONS FROM WASHINGTON AND LONDON WERE FAVOURABLE TO KOREAN ADMISSION FOR POLITICAL REASONS AS AN ANTIDOTE TO SOUTH KOREA'S ISOLATION. I GATHER LORD LANSDOWNE MODIFIED THE FOREIGN OFFICE RECOMMENDATION IN THIS RESPECT.

6. POSSIBILITY OF A FURTHER APPLICATION BY TAIWAN IS OF COURSE CAUSING SOME CONCERN TO MOST DELEGATIONS.

7. ALTHOUGH I DELIBERATELY LEFT THE DOOR OPEN IN CASE YOU WISHED TO HAVE COLOMBO PLAN AREA FURTHER DISCUSSED AT PRESENT SESSION, ^IWOULD NOT (REPEAT NOT) RECOMMEND THAT WE TAKE ANY INITIATIVE IN THIS RESPECT. WE WOULD NO LONGER BE SUPPORTED BY UK IN SUCH A MOVE AND PAKISTAN MIGHT USE THE DISCUSSION TO MAKE IT MORE DIFFICULT SUBSEQUENTLY TO ADMIT AFGHANISTAN. INDONESIAN AND CEYLON REPS. PENDING FURTHER INSTRUCTIONS PREFER TO LET MATTERS REST AT THIS SESSION BUT REGARD THEMSELVES AS FREE TO RENEW OBJECTIONS IF KOREA APPLIES AGAIN FOR NEXT CONSULTATIVE COMMITTEE.

GEORGE



MINISTRY OF EXTERNAL AFFAIRS, CANADA:

NUMBERED LETTER

FILE:

(DUPLICATE)

7-1-1

CONFIDENTIAL

Security.....

No:.....

Date:..... November 2, 1961

Enclosures:..... 1

Air or Surface Mail:..... Air

Post File No:.....

Ottawa File No.

References

Mr. Ritchie
EAO
Far Eastern
Commonwealth
New Delhi
Colombo
Karachi
Canberra
Wellington
Washington
London
Tokyo
Djakarta

Economic/
J.G. Harris

Internal
Circulation

Distribution
to Posts

I think the attached editorial in yesterday's Straits Times reflects fairly accurately the views of the Malayan authorities on the awkward question of the admission of South Korean observers at the present session of the Consultative Committee. As you know from our telegram under reference, it was decided yesterday evening to admit Korean observers at this session. There seems little doubt that although the Malaysians have been annoyed and embarrassed by the way in which the South Koreans have played their hand, the Malaysians nevertheless have, from the beginning, been sympathetic to the Korean request, and they are certainly relieved that a favourable decision has been taken this year.

2. I might add to the comments in our telegram under reference that Mr. Emerson Ross, the head of the United States official delegation, drew my attention yesterday to an article in the State Department Bulletin on the geographical area of South and South East Asia. This article had been prepared by a Professor of Geography without regard to political considerations, and the conclusion which he had reached was that "South and South East Asia" comprised an area roughly between Afghanistan and the Philippines, including both, but excluding Taiwan and Korea. I believe the Bulletin containing this article appeared about three months ago but Mr. Ross did not remember the exact date.

J. George
Canadian Delegation
Consultative Committee

Korean Request

South Korea, like the other non-Commonwealth countries of South-East Asia, had nothing to do with the birth of the Colombo Plan in 1950. By the time others had the opportunity to join in, South Korea was at war, and in the years after that war the people with power in the land became engrossed in the highly erratic distribution of American aid funds. The Rhee regime neglected South Korea's economic welfare. Under the military guidance of General Park and his Supreme Council the country seems to have a shadowy chance of recuperation; political stability will depend upon fulfilment of the promise to restore civilian government in 1948, but in the meantime there is a good five-year plan, retribution is descending upon the corrupt and the Government wishes, to take part in the Colombo Plan.

But it is not membership that the delegation presently in Kuala Lumpur is seeking; all it wants at this thirteenth Colombo Plan conference is admission as an observer group. Ceylon and Indonesia, it is rumoured, will oppose when the decision is made today or tomorrow. If so, their motives are indiscernible; political considerations cannot be entertained because the Colombo Plan is about the only international institution unsullied by politics.

Not economic reasons, for sure, since these all argue strongly for South Korea's admission. One naturally rejects the possibility that any government is so naïve as to fear that South Korea will attract foreign assistance that would otherwise go elsewhere; it will continue to get hearty American assistance either way. More than a third of estimated capital expenditure in the five-year plan will be in the form of foreign exchange, U.S. loans for internal purposes are expected to reach U.S.\$500 million and another U.S.\$500 million will still be required from foreign sources. South Korea is making its own sacrifice, aiming to expand the economy by 7.1 per cent a year and use 20.5 per cent of gross national product for capital formation as against 13.1 per cent before; this all means curtailing the growth of consumption. Where South Korea needs help is in banishing doubts about foreign aid and guaranteeing that it will be used productively; technical assistance on the Colombo Plan model is the best way of doing that.

It would be a great pity if the old Korean attitude of isolationism were given occasion to revive. Many nations are preparing to give the new regime a fair trial; Japan, once the hated master, is sitting down to restore relations with South Korea, and if Japan does not object to Korean delegates observing the current conference there is no reason why anyone else — particularly among the democracies — should object.