

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<del>2 Memo</del>	<del>Komer to the President S 1 p.</del>	<del>7/31/64</del>	<del>A</del>
<del>4 Memo</del>	<del>Komer to the President C 1 p.</del>	<del>7/28/64</del>	<del>A</del>
<del>5 Memo</del>	<del>Bundy to the President S 1 p.</del>	<del>6/9/64</del>	<del>A</del>
<del>6 Memo</del>	<del>Komer to Bundy <i>Sanitized, NLJ 01-204 dup # 115, NSF, Country file, Korea, Vol. 1 Box 254</i></del> S 1 p.	<del>6/3/64</del>	<del>A</del>
<del>7 Memo</del>	<del>Komer to Bundy S 1 p.</del>	<del>5/15/64</del>	<del>A</del>
<del>8 Memo</del>	<del>Komer to Bundy <i>open 5-16-2001</i></del> S 1 p.	<del>4/21/64</del>	<del>A</del>
<del>9 Memo</del>	<del>Komer to the President S 1 p.</del>	<del>4/9/64</del>	<del>A</del>
<del>11 Memo</del>	<del>Komer to Bundy and MVF <i>open 5-16-2001</i></del> S 1 p.	<del>12/16/63</del>	<del>A</del>
<del>12 Memo</del>	<del>Komer to Bundy <i>open 5-16-2001</i></del> S 1 p.	<del>12/9/63</del>	<del>A</del>
<del>13 Memo</del>	<del>Komer to the President S 1 p.</del>	<del>11/27/63</del>	<del>A</del>
<del>14a Memo</del>	<del>Briefing Memorandum C 2 p.</del>	<del>12/8/64</del>	<del>A</del>
<del>14d Memo</del>	<del>Briefing Memorandum <i>open 4/10/02 NLJ 01-205</i></del> C 1 p.	<del>n.d.</del>	<del>A</del>
<del>15a Memcon</del>	<del>Memorandum of Conversation <i>open 5-16-2001</i></del> C 2 p.	<del>11/3/64</del>	<del>A</del>
<del>18a Memcon</del>	<del>Memorandum of Conversation <i>Sanitized, NLJ 01-205 (dup # 158a, NSF, Country file, Korea, Vol II Box 254)</i></del> C 7 p.	<del>9/14/64</del>	<del>A</del>
<del>19a Letter</del>	<del>Brown to Green <i>open 4/10/02 NLJ 01-205</i></del> S 5 p.	<del>8/27/64</del>	<del>A</del>
<del>21a Memcon</del>	<del>Memorandum of Conversation C 1 p.</del>	<del>8/10/64</del>	<del>A</del>

FILE LOCATION

NSF: Files of Robert W. Komer  
KOREA - December 1963 - March 1966, Box 38

RESTRICTION CODES

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<del>24a Memcon</del>	<del>Memorandum of Conversation <i>open 4/10/02 NLJ 01-205</i> C 3 p.</del>	<del>7/28/64</del>	<del>A</del>
<del>26 Cable</del>	<del>Deptel to Seoul 99/Tokyo 333 C 2 p.</del>	<del>8/2/64</del>	<del>A</del>
<del>28 Memo</del>	<del>Thompson to Komer <i>open 5-16-2001</i> C 1 p.</del>	<del>7/29/64</del>	<del>A</del>
<del>29 Memo</del>	<del>Rusk to the President C 1 p.</del>	<del>7/27/64</del>	<del>A</del>
<del>30a Memcon</del>	<del>Memorandum of Conversation <i>open 4/10/02 NLJ 01-205</i> C 5 p.</del>	<del>7/9/64</del>	<del>A</del>
<del>31a Draft</del>	<del>Draft Memo to the President <i>open in</i> S 4 p. SANITIZED NLJ 95-13 <i>duplicate per 7/23/02 PRUS</i> Duplicate: NSF: NSAM's, NSAM 298, Box 4</del>	<del>6/8/64</del>	<del>A</del>
<del>31b Draft</del>	<del>Draft Report to the President from Rusk S 15 p. SANITIZED NLJ 95-13 Duplicate: NSF: NSAM's, NSAM 298, Box 4</del>	<del>n.d.</del>	<del>A</del>
<del>31c Attach.</del>	<del>Attachment A S 3 p.</del>	<del>n.d.</del>	<del>A</del>
<del>31d Attach</del>	<del>Attachment B S 8 p.</del>	<del>n.d.</del>	<del>A</del>
<del>31e Attach.</del>	<del>Attachment C S 2 p.</del>	<del>n.d.</del>	<del>A</del>
<del>34 Memo</del>	<del>Hughes to Rusk <i>open 5-16-2001</i> C 3 p.</del>	<del>6/5/64</del>	<del>A</del>
<del>35 Memo</del>	<del>Green to Bundy <i>open 4/10/02 NLJ 01-205</i> S 2 p.</del>	<del>6/1/64</del>	<del>A</del>
<del>36a Memo</del>	<del>Taylor to McNamara S 1 p.</del>	<del>5/30/64</del>	<del>A</del>
<del>37a Memo</del>	<del>Taylor to McNamara S 4 p.</del>	<del>5/22/64</del>	<del>A</del>
<del>37b Append.</del>	<del>Appendix TS 16 p.</del>	<del>n.d.</del>	<del>A</del>

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<del>38 Memo</del>	<del>Read to Bundy S 1 p.</del>	<del>5/15/64</del>	<del>A</del>
<del>38a Draft</del>	<del>Draft Statement PCI 1 p.</del>	<del>n.d.</del>	<del>A</del>
<del>38b Draft</del>	<del>"If Queried..." PCI 1 p.</del>	<del>n.d.</del>	<del>A</del>
<del>38c Draft</del>	<del>"Background Information" PCI 2 p.</del>	<del>n.d.</del>	<del>A</del>
<del>39 Memo</del>	<del>Green to Moor S 1 p.</del>	<del>5/22/64</del>	<del>A</del>
<del>39a Memo</del>	<del>Bundy to the Secretary S 1 p.</del>	<del>5/22/64</del>	<del>A</del>
<del>40a Memo</del>	<del>Bacon to Green <i>open 3/14/03</i> TS 1 p.</del>	<del>5/6/64</del>	<del>A</del>
<del>40b Draft</del>	<del>Draft Memo to the President TS 9 p. <i>sanitized 7-13-04 NW 03/60</i></del>	<del>5/14/64</del>	<del>A</del>
<del>40c Report</del>	<del>"DOS Supporting Memorandum" S 6 p. <i>sanitized 1-7-04 NW 03/60</i></del>	<del>n.d.</del>	<del>A</del>
<del>40d Report</del>	<del>"DOD Supporting Memorandum" TS 7 p. <i>sanitized 9-1-04 NW/RAL 03-130</i></del>	<del>n.d.</del>	<del>A</del>
<del>40e Report</del>	<del>"DOS and AID Supporting Memorandum" TS 2 p. <i>open 3/14/03 per st., MO guidelines</i></del>	<del>n.d.</del>	<del>A</del>
<del>44 Memo</del>	<del>Hughes to Rusk <i>open 5-16-2001</i> C 4 p.</del>	<del>3/9/64</del>	<del>A</del>
<del>46 Memo</del>	<del>Farrat to Distribution List <i>open 5-16-2001</i> C 1 p.</del>	<del>3/2/64</del>	<del>A</del>
<del>46a Report</del>	<del>"AID Strategy for Korea" C 7 p.</del>	<del>n.d.</del>	<del>A</del>
<del>47 Report</del>	<del>Briefing Paper on Korea <i>open 5-16-2001</i> S 2 p.</del>	<del>2/18/64</del>	<del>A</del>
<del>49 Memo</del>	<del>Davis to McNamara <i>open 5-16-2001</i> TS 2 p.</del>	<del>2/6/64</del>	<del>A</del>

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49a <del>Append.</del>	Appendix <i>open 5-16-01</i> <del>TS 9 p.</del>	<del>n.d.</del>	<del>A</del>
50 <del>Report</del>	Briefing Paper on the Far East <i>open 4/10/02 MS dt 2051/31/64</i> <del>S 2 p.</del>	<del>1/31/64</del>	<del>A</del>
51a <del>Report</del>	Duplicate of #46a <i>open 5-16-01</i> <del>C 7 p.</del>	<del>n.d.</del>	<del>A</del>
52 <del>Memo</del>	Bundy to Alexis Johnson <del>S 1 p.</del>	<del>12/20/63</del>	<del>A</del>

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*file*  
*Kearney*  
*1*

2119 Great Falls Street  
Falls Church, Virginia 22043  
June 21, 1965

Dear Bill,

Having checked my resources, here's a gloomy report on John Kim's prospects. (I've assumed that he's not here on any sort of U. S. Government program.)

First, the U. S. Government approaches a problem like this as part of a bigger one--we can't get foreign students to go home and help their own countries. Koreans, I understand, are the worst offenders. In fact, he probably ought to check before he leaves to be sure he can get back in. So unfortunately, there's no government money for this purpose and, in the words of my Defense Department contact, he'd "need a ticket written by McNamara" to ride a military aircraft. You needn't be this blunt with him, but I tell you so you'll get the flavor of official thinking.

Second, there are private groups which sometimes help in cases like this: Korean-American Foundation, 345 E. 46th Street, New York City 17; Asia Foundation, 550 Kearny, San Francisco, California. Again, my contacts here aren't too optimistic, but these are worth a try. If this were a one-way trip, the Korean-American Foundation would pay for ocean travel to help get the student back.

Third, the State Department response is that any foreigner facing an emergency here should contact his embassy (Embassy of Korea, 2320 Massachusetts Avenue, N. W., Washington, D. C. 20008--Area Code 202: 483-7383.) That might be worth a try, but the embassy is under the U. S. gun to help solve the problem of students who don't go home, so I don't know how sympathetic it would be. It wouldn't have any money but might know some philanthropic friends of Korea.

I'm afraid this doesn't help you at all, unless the groups I mention turn out to be more helpful than I'd expect. However, it gives you an idea of what you're fighting and suggests that the answer, if there is one, must be a private one.

Sincerely,

Harold H. Saunders

Rev. William H. Johnstone  
Summit Presbyterian Church  
Greene and Westview Streets  
Philadelphia 19, Pennsylvania

~~SECRET~~

July 31, 1964

*Korea  
Sub-Op  
1/2*

MEMORANDUM FOR THE PRESIDENT

Purpose of seeing Winthrop Brown, our new Ambassador to Korea, is so you can tell him personally why you want movement on our Korean policy, especially a Korean/Japanese settlement. Five minutes should suffice.

We've poured into South Korea more than \$6.6 billion in aid (\$3.8 billion economic, \$2.8 billion military) since World War II. Despite all our aid, this nation is still an unstable U.S. stepchild. Part of the problem is the absence of leadership after years of Japanese occupation, but part stems from bad planning and neglect by the US.

Brown is a top man (he did a great job as our man in Laos 1960-62); he'll follow through on what you tell him. Suggested talking points are:

1. You are concerned over the long and frustrating record of U.S. involvement in Korea--with so little to show for it. We simply can't keep paying with so few results (we're planning \$350-400 million in aid for FY 1965).
2. So you give top priority to the long-delayed Korea-Japan settlement. Let's get Japan to start sharing the burden. Aside from \$600 million in Jap aid which a settlement would bring, we want to redevelop the natural economic ties between Korea and Japan. Brown should tell Reischauer in Tokyo your views when he goes through en route.
3. You'll put your personal weight behind getting a settlement in any way necessary.
4. To start off, Rusk suggests attached oral message for Brown to deliver to President Park. We have word that Park has told his new foreign minister to give priority to a settlement, so these words will come at a good time.
5. You are personally inclined to cut our 50,000 US troops in Korea; our needs are more in Southeast Asia. Defense of Korea is vital; but can't we do it with fewer men? Such big ROK armed forces (550,000) are also a terrible drag on the economy of such a poor country. You've held off on these cuts because they might give the wrong signal to the Chicomans just now, but Brown should keep a close eye on when it might be feasible.

DECLASSIFIED

Authority 7129 92-168 (#132)  
By 4/1/00, NARA, Date 8-8-97

R. W. Komer

*file*

3

Allen Claxton  
Bureau of the Budget

Thanks for loaning the attached Country Assistance Program, Part I - Korea, Aug. 1963, to me. Sorry to have kept it such a long time.

Harold H. Saunders

July 30, 1964

CONFIDENTIAL

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, SEC. 1.1(a)

BY JOV ON 3/5/96

CONFIDENTIAL

July 23, 1964

*Komer*

4

MEMORANDUM FOR THE PRESIDENT

A five minute pep talk to our new ambassador to Korea (a top man) would be well worth the time. He should hear personally from you that (1) you are dead serious about wanting an early ROK/Jap settlement so that Japs can help carry the aid load for South Korea (still running over \$300 million a year); (2) you favor in principle withdrawal of some US forces, once doing so wouldn't look like retreat in face of Red China.

We expect to propose you send an oral message through Brown urging President Pak to press ahead on ROK/Jap settlement.

R. W. Komer

CONFIDENTIAL

Attach. Rusk Memo to President 7/27/64, subj.  
Request for Apptmt for Amb. -designate W. G. Brown (Korea)

DECLASSIFIED  
Authority 7169, 92-168 (#137)  
By M/jw, NARA, Date 8-8-97

*Korea*  
5

~~SECRET~~

June 9, 1964

MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE

SUBJECT: NSAM 298 on US Forces in Korea

Confirming our oral understanding, the President has agreed to hold in abeyance the exercise called for by NSAM 298. Therefore, no formal reply is necessary at this time. I suggest, however, that we circulate the draft response which has been prepared, so that it can be available for study.

McGeorge Bundy

~~SECRET~~

*Proposed by  
RWR*

**DECLASSIFIED**  
Authority McG 93-67 (# 3a)  
By slj/ap, NARA, Date 8-5-97

*file*  
*Korea*  
*6*

~~SECRET~~

Mac -

June 3, 1964

FYI, Marshall Green thinks ROK rioting quite serious. Pak will probably impose martial law, which we oppose. We fear it will only bottle up popular resentment, which will burst out even more violently sometime later. Also martial law instead of concessions will enable Pak to hold on to his Rasputin, Kim Chong Pil. In fact, one report has it that KCP actually encouraged student riots for this purpose.

We're worried lest we be over-identified with yet another repressive campaign by one of our Asian clients. This may also spell the end of ROK-Jap settlement hopes this year. It's regrettable that irresponsibility of a minority of the students, egged on by an irresponsible opposition, is undermining the ROK's real future hopes. This country isn't ready for democracy yet, any more than it was for Rhee-style dictatorship in the Fifties. Our Korean policy has been a mess from the beginning, except for the war period itself.

RWK

~~SECRET~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NJ 01-204  
By *sj*, NARA, Date 10-24-01

*file  
Korea  
1*

SECRET

McGB:

May 15, 1964

Notes. We expect our two Korea helicopter pilots to be released about 10 tonight. Reedy clued and press release ready. We had to sign receipts which NK may use to say we admitted espionage but this vital to get the men out, and we'll refute pronto once they're in our hands.

John Ferguson will try to get 10 minutes with you (we've talked twice). He says convincingly things are looking up in Morocco (except the economy). But Hassan thinks LBJ doesn't love him like Kennedy so we're concocting a letter for John to take back (he grasps that meeting LBJ unlikely).

G. Ball is all upset about Algeria, since Ben Bella's disgraceful performance in Moscow. Has called for review of our policy and possible aid clamp down. This is silly (all we give is \$25-30 million food anyway). Pressure will just make this flighty fanatic lean farther east. But I think Ball will calm down; if not I may scream.

Korea. I'm all for US and ROK cutbacks but timing is lousy and short term B/P gain insufficient to justify moving before December. Let's get ROK/Jap settlement first, and also make sure pull out in Northeast Asia doesn't raise question about will to stay in Southeast. I'm afraid Bator's NSAM was a little confusing to the troops, but no matter.

RWK

DECLASSIFIED  
Authority 71092-162 (#116)  
By sp/isp, NARA, Date 9-8-27

SECRET

~~SECRET~~

April 21, 1964

*Korea*  
8

Mac -

We may have an internal crisis in Korea shortly (Seoul 1330). The students, obstreperous ever since they triggered overthrow of Rhee in 1960, are demonstrating again. If Pak's police kill a few we may have a "student revolt." Equally dangerous is internal split within ruling DRP between supporters and opponents of Kim Chong Pil, Pak's "eminence grise."

Berger, who's always detested Kim Chong Pil (and almost seems to carry on personal vendetta against him), is worried. He doubts Pak will dump Kim, but can't see how Pak can cure internal split in DRP without doing so.

All this clouds prospects for ROK/Jap settlement. Since Kim is great promoter of this (for graft involved, partly) opposition is opposing settlement largely as means of getting at Kim. ROKG in turn is thinking of imposing martial law.

Am keeping in touch, and keeping State's eye on ROK/Jap angle. Will clue you if any WH-type problem arises.

RWK

~~SECRET~~

DECLASSIFIED  
Authority FRUS 64-68, 101.29, #8  
By jc, NARA, Date 5-8-9

~~SECRET~~

April 9, 1964

*Korea  
+ Japan  
9*

MEMORANDUM FOR THE PRESIDENT

The 86-year old Yoshida, our favorite Japanese Prime Minister back in the '50s, is a daughty, anti-Communist, pro-Westerner. However, he's a good deal more so than most Japanese including the present PM. So take whatever he says with a grain of salt.

I'd urge you simply mention to both Yoshida and the Korean PM our great hope for a ROK/Jap settlement and the long-awaited normalization of relations between these two countries. We have consistently said for the past two years that this was a matter of highest level US Government interest (it could be worth a billion dollars of Jap support for Korea). The negotiations are now at a crucial stage and a simple affirmation of our interest by you would help greatly to push them along.

There won't be time for much other business. However, both Yoshida and Doo Sun Choi would like to hear that we remain as determined as ever to hold the Asian flank against Communist China until such time as they can pick up a larger share of the burden. This kind of generalized reassurance would buck them up without tying our hands.

R. W. Komer

~~SECRET~~

DECLASSIFIED  
Authority 710 93-76  
By *M/22P*, NARA, Date 8-11-97

*Rusk*  
10

March 11, 1964

Dear Senator Scott:

Larry O'Brien has passed to me your letter of March 3 concerning the importance of maintaining adequate US strength in South Korea. I can assure you that the Administration shares your opinion of the high quality and excellent morale of our forces and it has no intention of allowing any injudicious weakening of the overall U. S. or South Korean capabilities needed to meet a continuing Communist threat.

You may recall that when Secretary Rusk talked with President Park Chung Hee in Seoul on January 29 they issued a joint communique agreeing that "powerful Korean and United States forces adequate to the defense of the Republic of Korea would be maintained in order to meet the continuing Communist menace in the Far East."

To be sure, there have been periodic reviews and measures taken, during the Eisenhower Administration and since, aimed at keeping the US/ROK force posture abreast of the evolving nature of the Communist threat. We are also, as you suggest, constantly reviewing our overseas force posture to see whether we can streamline our logistic and other support structure. However, I can assure you that there is no loss of interest on our part in doing whatever is necessary to help keep South Korea free.

Sincerely,

McGeorge Bundy

Hon. Hugh Scott  
U. S. Senator  
The United States Senate  
Washington, D. C.

*Rusk draft*

~~SECRET~~

December 16, 1963

*File  
Korea  
11*

McGB -  
MVF -

At a time when we seem close to decision on Korean force cutbacks, I urge great value of getting a ROK/Jap settlement beforehand if possible. They are reportedly so close to a deal that an outside push by a new President might just do the trick.

My reason is that a ROK/Jap deal would be a shot in the arm to Korean self-confidence and the Korean economy. It would commit the Japs to a role in Korea supplementing ours and thus would provide a positive note to counter any noise arising from ROK or US force cutbacks.

This issue has teetered on the brink for months. Can't we galvanize our embassies and through them the parties?

RWK

~~SECRET~~

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By pc, NARA, Date 5-8-01

SECRET

December 9, 1963

McGB -

Here's McNamara's memo on forces in Korea, which you sent me in anticipation of possible Pak talk with LBJ Tuesday the 26th. It was a non-starter because LBJ saw Pak Monday night.

But it illustrates possible DOD reluctance to move now. This more likely because Gen. Howze is in with new proposal that we replace the two US infantry divisions now in Korea with a new air assault division(AAD). This an excellent idea but AAD concept is still under test at Benning and it might be two years before it's available. Alternative might be to take one US div. out in early 1964 and leave other till AAD is available.

As to ROK force reductions, see McNamara's penultimate para. ROKs themselves propose 100,000 man reduction though this may be only a ploy to test our reaction. Even so, we ought to surprise them and agree, because we simply will not have the dough to sustain present out-sized ROK establishment.

I'm sure DOD (and perhaps State) will argue that we shouldn't cut ROK's and our own forces simultaneously because of shock effect but I agree with Berger that the time is now. We're so overinsured in Korea compared to so many other places that we'd better bite the bullet while the time is ripe. Will investigate further.

RWK

cc: Forrestal

SECRET

Attach. McNamara memo to President dtd 11/25/63  
subj. Visit of President Pak Chung-hui of Korea

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 5-8-01

12  
Free  
Korea

~~SECRET~~

November 27, 1963

*File  
Korea  
13*

MEMORANDUM FOR

THE PRESIDENT

State wants to send Roger Hilsman as your personal representative to the 17 December inauguration of South Korean President Pak. State originally proposed Gov. Welch of Indiana as an alternate choice; since Pak was just here, however, no such major political figure is needed. An added advantage to sending Hilsman is that he can talk a little turkey to the ROK's, and is going on a business trip anyway to a few other Far East posts so could double in brass.

Bundy and Dungan concur with State. We recommend you approve.

R. W. KOMER

~~SECRET~~

DECLASSIFIED  
White House Sec. 105-10000  
By *MA*, NARA, OMB 8-897



DEPARTMENT OF STATE  
WASHINGTON

*Orig Chase 12/8*

DEC 8 1964

*Korea*

14

~~CONFIDENTIAL~~

(UNCLASSIFIED when separated from enclosures.)

MEMORANDUM FOR MR. McGEORGE BUNDY  
THE WHITE HOUSE

*Korea*

Subject: Presentation of Credentials:  
Hyun Chul KIM, Ambassador of  
Korea.

Ambassador Kim has assumed his duties in Washington and has asked to be received by the President to present his credentials. Ambassador Duke will accompany Ambassador Kim. Assistant Secretary Bundy, who will be at the White House twenty minutes before the appointment time, will also be present.

Enclosed are a briefing memorandum, a copy of the remarks which the Ambassador will hand the President, a suggested reply and a biographic sketch of the Ambassador.

*RC*  
Benjamin H. Read *for*  
Executive Secretary

Enclosures:

1. Briefing Memorandum
2. Ambassador's Remarks
3. Suggested Reply
4. Biographic Sketch

*SBJ for*  
*credentials*  
*12/15/64*

~~CONFIDENTIAL~~

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, SEC. 1.1(a)

BY *JP* ON 10/26/95

*presentation*

DEC 8 1964

~~CONFIDENTIAL~~

BRIEFING MEMORANDUM

Subject: Your Meeting with Ambassador Hyun Chul KIM

1. The Ambassador may bring up:

a. U.S. Economic and Military Assistance. He will probably (1) thank you for our economic and military assistance over the past years, (2) ask that we keep the amounts of both our economic and military aid at the same levels as in the past. (While we will continue our basic policy of economic and military assistance, the levels depend on requirements at the time and availability of funds, and we can not of course guarantee there will be no reduction. FYI We expect that there will be a nominal cut in economic aid and a substantial decrease (10%) in MAP to Korea in 1965 END FYI).

b. Status of Forces Agreement Negotiations. He may express his Government's hope for an early conclusion of a U.S.-Korea Status of Forces Agreement. (Although the problems involved in the negotiations are complex, we are making every effort to conclude the agreement as soon as possible).

c. He may raise the question of a visit by President Park to the United States in 1965. (You might express in general terms your hope to meet President Park personally in the not-too-distant future. FYI We favor a State visit by President Park next year, probably in the spring. We believe that such a visit would strengthen President Park's domestic position and would at the same time contribute significantly to the Korean Government's ability to reach a final agreement with the Japanese during the coming months. END FYI)

2. You may wish to:

(1) express gratification over recent developments in Korea-Japan relations

~~CONFIDENTIAL~~

GROUP 3

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DECLASSIFIED 7-11-95  
Authority State Dept memo 977  
By 4, NARA, Date 8-8-95

DEC 6 1965

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CONFIDENTIAL

- 2 -

Korea-Japan relations i.e. resumption of negotiations on December 3, invitation to Japanese Foreign Minister Shiina to visit Korea in January; (2) emphasize our interest in an early Korea-Japan settlement; and (3) assure him of our readiness to do all that is appropriate in facilitating a Korea-Japan agreement.

CONFIDENTIAL

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THE NEWLY APPOINTED AMBASSADOR OF KOREA

HYUN CHUL KIM

UPON THE OCCASION OF THE PRESENTATION OF HIS  
LETTER OF CREDENCE

Mr. President:

It is indeed a great pleasure for me to deliver into  
Your Excellency's hands this Letter of Credence by which  
His Excellency Park Chung Hee, President of the Republic of  
Korea, accredits me as Ambassador Extraordinary and Plenipo-  
tentiary of the Republic of Korea to the United States of  
America.

I also submit herewith to Your Excellency the Letter of  
Recall of my distinguished predecessor, Mr. Chung Yul Kim.  
At the same time, I have the pleasant duty of conveying to  
Your Excellency the cordial greetings of the President of the  
Republic of Korea, who extends sincere wishes for Your Excel-  
lency's well-being and the prosperity and happiness of the  
American people.

The Korean people will always remember the generous

assistance and friendly cooperation extended by the Government and the people of the United States of America, both in repelling the Communist aggression in Korea, and in rehabilitating my country from the ravages and destructions caused by that aggression. And I trust that the Government and the people of the United States of America will continue to support us as a dedicated and strong ally for the accomplishment of our long-cherished aspiration for national reunification and development.

The Republic of Korea had a bitter experience of Communist aggression in the past and is still under constant threat from the Communist regime. However, as a staunch ally of the United States and the Free World, and as the strong anti-Communist bastion in Northeast Asia, the Republic of Korea will continue to fulfill its mission to counter the Communist threat. I am pleased to note, Mr. President, that strenuous efforts of my Government together with the sympathetic understanding and generous support and cooperation of the Government and people of the United States, have achieved remarkable progress toward

the fulfillment of our basic objectives, namely: safeguarding the vital security of my country against the overt and covert aggression from Communism, stabilizing and strengthening national economy, and laying a firm foundation for a sound democracy.

The friendship and solidarity existing between our two countries, which are cemented by our joint efforts, are bound to grow and be strengthened. It shall be my pleasant duty to devote myself, during my tenure of office near Your Excellency, toward the promotion of even firmer and closer relations between our two traditionally friendly nations.

Please be assured, Mr. President, that the Republic of Korea has always been your great nation's most friendly and staunch ally, and will remain so for generations to come.

For the fulfillment of my important task, I express the hope that Your Excellency and the Government of the United States of America will grant me every cooperation and assistance.

THE PRESIDENT'S REPLY  
TO THE REMARKS OF THE  
NEWLY APPOINTED AMBASSADOR OF KOREA  
HYUN CHUL KIM

14c

UPON THE OCCASION OF THE PRESENTATION OF HIS  
LETTER OF CREDENCE

Mr. Ambassador:

I am pleased to receive the Letter of Credence by which President Park Chung-hee accredits you as Ambassador Extraordinary and Plenipotentiary of the Republic of Korea to the United States of America. I also accept the Letter of Recall of your predecessor, Ambassador Chung Yul Kim.

I thank you for your kind comments about my country's role in supporting the Republic of Korea's resistance to aggression during the Korean conflict; and I again express the admiration of the American people for the heroic contributions to Free World security made by the Korean people from that time until the present day. Our traditional friendship, tempered in that conflict, has grown ever closer in the past decade, as your soldiers and ours continue to maintain a

common vigil in Korea, guarding against renewed aggression.

In the coming years, Mr. Ambassador, I shall attach the greatest importance to the further strengthening of this close bond between our two countries.

Thank you, Mr. Ambassador, for the assurances of your country's continued friendship toward the United States and of its dedication to our common objective of defense of the Free World in the Far East. For our part, within the resources available to us, we shall continue our support of your Government's efforts to create in Korea a new society meeting the political and economic aspirations of the Korean people.

We have been impressed with the economic progress your Government is making and have watched with sympathetic interest its efforts to expand Korea's diplomatic and economic ties with its Free World neighbors, particularly Japan.

Mr. Ambassador, please convey to President Park my

sincere appreciation

sincere appreciation for his expression of best wishes for my own well-being and for the prosperity and happiness of the American people. I also extend to you a personal welcome and assure you that the Government of the United States stands ready to offer you every possible assistance during your stay in this country.

14 of

~~CONFIDENTIAL~~

His Excellency Hyun Chul Kim  
Newly Appointed Ambassador Extraordinary and  
Plenipotentiary of Korea to the United States

Born in Seoul on November 3, 1901, Mr. Hyun Chul Kim graduated from an engineering college in 1923. He went to the United States in 1926 to continue his education, remaining until 1933. In 1933 Mr. Kim received a Doctor of Philosophy in economics at American University. In the mid-thirties Mr. Kim joined the "Korean Provisional Government" of Syngman Rhee in Washington and worked during and after World War II for several United States Government agencies including the United States Board of Economic Warfare.

Upon his return to Korea in late 1953, Mr. Kim rose rapidly in Rhee's administration, eventually serving as Minister of Finance (1957-59). In June 1962, Mr. Kim was named first as Chairman of the Economic Planning Board and a month later as Prime Minister. Mr. Kim lasted as Prime Minister until the December 17, 1963, transfer of power to civilian government.

The American Embassy at Seoul gives the following estimate of Mr. Kim: "(Kim) is considered astute and intelligent, although colorless and undynamic. We believe that as Prime Minister he tried within the limits placed by the military junta to work on a close and cooperative basis with the U.S. Government. He should make a competent if unimposing representative."

Mr. Kim is accompanied by a wife and daughter. He was previously married to a Korean, before his studies in the United States, and to an American during those studies. Difficulties with the latter developed after his return to Korea, but appear to have been resolved. Mr. Kim is a Methodist and a Rotarian; drinks only moderately but enjoys a party; and is known to his American associates as "Henry". He speaks fluent English and some French.

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DECLASSIFIED  
E.O. 12958, Sec 3.6  
NLJ 01-205  
By COM NARA, Date 4-5-02

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5665  
15

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
~~CONFIDENTIAL~~ (Attachment)

November 10, 1964

TO: Mr. McGeorge Bundy  
The White House

FROM: Benjamin H. Read  
Executive Secretary

*Ben H. Read*

Attached for the information and files of MR. KOMER is a copy of a memorandum of conversation between Robert A. Fearey and PAK Kun dated November 3, regarding Korean Status of Forces Agreement Negotiations.

Attachment:

As stated.

**DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, SEC. 1.1(a)**

BY JP ON 10/26/85

NOV 12 1964

DEPARTMENT OF STATE

**DECLASSIFIED** Memorandum of Conversation  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines

By jc, NARA, Date 5-8-01

DATE: November 3, 1964

5665  
Korea  
15a

**SUBJECT:** Korean Status of Forces Agreement Negotiations

**PARTICIPANTS:** PAK Kun, Counselor of the Korean Embassy  
LIMB To Kyong, Second Secretary, Korean Embassy  
Robert A. Fearey, Director, Office of East Asian Affairs  
Daniel A. O'Donohue, International Relations Officer, EA/K

**COPIES TO:** FE - 2  
EA - 4 (3cc)  
INR - 8  
L/FE - 2  
FE/P - 1  
White House, Mr. Komer - 1  
DOD/ISA, Col. Raimundo - 1  
Amembassy Seoul - 2

21

DEF

Counselor PAK said that his Embassy had been instructed to make representations regarding the early conclusion of a Status of Forces Agreement (SOFA). According to information received from his Government, 8th Army Commander General Howze had commented on the television program "Commanders Time" that he hoped the unsettled items in the SOFA negotiations would be settled within a few months. With General Howze's comments in mind, Pak said that his Government is most anxious to conclude the negotiations by the end of this year, and wanted a representation to that effect made to the Department of State.

15-3

Pak commented that tentative agreement has been reached on most SOFA problems, with the exception of the Claims, Criminal Jurisdiction, and Labor articles. His Government wished the Department of State to take an active interest in the matter, and to study intensively whether it could expedite the negotiations in any way.

KOR

Mr. Fearey assured Mr. Pak that the Korean SOFA negotiations were being closely followed by ranking Department officers and that the USG is as anxious as the Korean Government to bring the negotiations to an early and successful conclusion. We are intensively studying the unresolved problems but they are complex and we have not yet completed reformulating our views. Consequently we have not been able to go back to our Embassy with new proposals on certain problems.

U-35

Pak expressed understanding, saying that there does not seem to be an unbridgeable gap between the two Governments. There should be a formula acceptable

~~CONFIDENTIAL~~

- 2 -

to both sides; he knew from his own experience in the negotiations that the Korean side is trying its best to meet U.S. needs if possible.

In discussing the advantages of an agreement before the end of the year, Mr. Pak and Mr. Fearey agreed that an additional reason for early conclusion of the SOFA would be the effect on the Korea-Japan negotiations. Mr. Fearey commented that, with that and other factors in mind, the U.S. is bending every effort to arrive at mutually acceptable solutions to outstanding SOFA issues. Pak said that "normalization of relations" with the U.S. through a SOFA would contribute significantly to the Korean Government's ability to achieve normalization of relations with Japan.

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# OUTGOING TELEGRAM Department of State

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16

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FE

Info

*Korea*  
*X cable*  
Nov 9 12 48 PM '64

PB9  
Pres. Park  
11/9/64

SS

G

P

USIA

NSC

CPR

Embassy requested convey following reply to President Park's message of election congratulations:

QTE. Dear Mr. President:

Thank you for your thoughtful message of congratulations on my election as President of the United States of America. I look forward to continued warm and friendly relations with your Government and to ever closer cooperation between our countries in the cause of freedom and progress in the Far East and throughout the world.

Sincerely,

Lyndon B. Johnson END QTE.

White House does not plan release of reply but has no objection if ROKG wishes to do so.

- BUNDY-SMITH
- BATOR
- BELK
- BOWMAN
- BRUBECK
- CHASE
- FORRESTAL
- JESSUP
- JOHNSON
- KERRY
- KIRBY
- MOHR
- ROSEN
- TERRY
- WOODS

RUSK

END

Drafted by:

*[Signature]*

Telegraphic transmission and

FE:EA:DAO\*Donohue:bhm 11/6/64

classification approved by:

FE - Marshall Green

Clearances:

White House - Mr. Komer  
EA - Mr. Fearey  
FE/P - Mr. Gaiduk

Davies  
S/S-X - Mr. KERRY  
P - Mr. Marshall Wright

NOV 10 1964

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EWDoherty:nml/aws  
Emb. Seoul

~~CONFIDENTIAL~~ [1]  
DEPARTMENT OF STATE

18a

Memorandum of Conversation

DATE: September 14, 1964  
Seoul, Korea  
Prime Minister's Office

SUBJECT: Korea

PARTICIPANTS: The Prime Minister  
Mr. YIM Yun-yong,  
Principal Secretary to  
the Prime Minister  
(interpreting)

Mr. Robert W. Barnett,  
Deputy Assistant Secretary, FE  
Department of State  
Edward W. Doherty,  
Deputy Chief of Mission, Seoul

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- E - Mr. Trezise
- L/FE
- M

(WH) Mr. Komer

(24)

POL & KOR

1. What was intended to be mainly a courtesy call (Mr. Barnett and the Prime Minister have many mutual friends both at Harvard and at Oxford) turned into a wide-ranging discussion of Korea's problems over lunch in the Capitol dining room. The problems discussed are recounted here more in the order of their importance than chronologically.

2. Korea's prospects: In answer to Mr. Barnett's query, the Prime Minister said that the first task for the Government of Korea was to achieve a self-supporting economy and it was to this end that the Government had recently developed a seven-year plan for agriculture which was intended to make the country self-sufficient in foodstuffs and to increase the variety and quality of the diet. After that the economy must be modernized in order to satisfy the aspirations of the younger and better educated generations and to keep them from turning to communism. The Prime Minister observed that since his return from a number of years abroad late in 1963, the popular opposition to communism seems far less resolute than was the case five or six years ago. If the Republic of Korea is not able to progress economically, he fears that this tendency will accelerate with the possibility of an internal subversion movement eventually developing. For this reason the Government attaches great importance to its five year development plan and is making particular effort to expand exports so that economic growth will not be at the expense of economic liability. The Prime Minister expressed the hope that the U. S. would send experts to Korea to work with the Korean economic planners in extending and improving existing plans for development. It was also important, he said, that the Government and people of Korea should be assured by the United States of its

SEP 24 1964

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GROUP 3  
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DECLASSIFIED continuing  
E.O. 12958, Sec. 3.6  
NJ 01-205  
By cbm, NARA, Date 4-5-02

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~~CONFIDENTIAL~~

- 2 -

continuing assistance, preferably in the form of a commitment by the U. S. to maintain at least the present level of overall economic aid. (The inference was that the Koreans would be discouraged from taking measures to improve and expand the economy if they thought such measures would lead to offsetting reductions of external assistance.)

3. Mr. Barnett expressed agreement with the Prime Minister's views that a general feeling of progress toward a better life was necessary to sustain the people's commitment to free institutions. He thought, however, that a sense of dynamic participation in the economic and political life of the Free World would in the long run prove more effective in motivating the people than a negative anti-communism. In reference to the Prime Minister's request for more assistance in the field of development planning, Mr. Barnett pointed out that the USOM was not simply an agency for administering the delivery and utilization of aid supplies, but was also very much concerned with the process of development planning and had a very competent staff for that purpose. Mr. Barnett referred also to the team of economists working on development planning at present in Korea under USOM contract with the Robert Nathan Associates. He had spent a number of hours talking with that group and knew that they were competent and dedicated technicians whose advice to the Government of Korea would be very valuable.

4. Korean-Japanese Settlement: Mr. Barnett asked the Prime Minister for his assessment of the prospects for a settlement with Japan. Instead of answering the question directly, the Prime Minister launched into a plea for the more active involvement of the U. S. in the negotiations. The U. S. could not remain aloof, he said, because the U. S. had committed itself in the San Francisco Treaty, "which you drafted", and which stipulated that Japan and Korea would settle their relations through negotiations. Going back to the Portsmouth Treaty, the Prime Minister said he was unable to understand the reluctance of the U. S. to become involved when the U. S. was in part responsible for the Japanese occupation of Korea by facilitating that treaty. At the end of World War II when U. S. armies had defeated the Japanese, the U. S. had brought about the independence of Korea. This fact too, said the Prime Minister, required the U. S. to take responsibility for actively assisting the two governments to normalize their relations. Finally, the Prime Minister referred to the division of Korea at the 38th parallel, implying that this fact imposed a special responsibility on the U. S. for facilitating the treaty since the division weakened the bargaining position of the Korean Government.

5. Mr. Barnett said he would comment later on the reasons which prevent the U. S. from arbitrating a settlement and asked the Prime Minister what he thought the U. S. could do specifically if it undertook such a role. Characteristically,

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- 3 -

the Prime Minister ticked off three points on which the U. S. could be helpful: (a) improving the terms of the settlement; (b) helping to create the conditions internally for public acceptance of a settlement; and (c) influencing the domestic political situation. In regard to terms, the Prime Minister observed that there were segments of the opposition which were now attacking the Government for having agreed on a financial settlement with Japan in a total amount of \$600 million, when allegedly the Japanese Government, in the person of Foreign Minister Kosaka, had previously agreed to a settlement figure of \$760 million. The Prime Minister recognized that this claim was undocumented, but it nevertheless was effective as a political maneuver and was embarrassing the Government and making it difficult to resume negotiations with Japan without re-opening the Kim-Ohira agreement. This maneuver, however, could be defeated if the U. S. would offer additional aid in the form of loans in the amount of \$160 million to bring the total up to the figure of \$760 million which Chong Il-hyong (DP) claimed to have reached when he was Foreign Minister.

6. Responding to the Prime Minister's remarks on the desirability of intervention by the U. S., Mr. Barnett said that in the course of his conversations last week in Tokyo, Japanese officials had again expressed their anxiety lest the U. S. seem to be pushing Japan into a settlement. They had pointed out, and Mr. Barnett believed they were speaking the truth, that if the U. S. did anything which could be made to look like dictating the terms of a settlement with Korea; the impression would be widely and effectively exploited by the press and the Socialist opposition and would make it impossible for the Government to proceed. Likewise from the point of view of U. S. -Korean relations, there were good reasons to think that open identification of the U. S. with the negotiations would be resented as interference and would diminish rather than increase the popular support of a settlement. Japanese officials, however, fully recognized the importance of the U. S. Government's keeping in close and continuing touch with the negotiators on both sides.

7. As to what the U. S. could do to help to establish the conditions within Korea which would make the settlement acceptable, the Prime Minister said that the main contribution the U. S. could make would be to convince the Koreans that U. S. aid policies and programs would continue after a settlement, thus helping to allay Korean fears of Japanese economic domination. Mr. Barnett pointed out that this had been done at the time of Secretary Rusk's visit but that he thought that it could be done again and perhaps elaborated. It might be possible in connection with a settlement to make some announcement about the future level of U. S. development aid. The Korean public seemed to attach great importance to the global amounts of aid without being acquainted with the components. Mr. Doherty pointed out that

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- 4 -

American development aid (soft loans) were being made in Korea at a rate of more than \$40 million a year and at this rate such loans in four years would probably more than make up the difference between \$600 and \$760 million. Mr. Doherty observed, however, that the U. S. could not be put in the position of paying for a settlement, or making up an alleged "deficit" in the Japanese financial settlement. Mr. Barnett said that even without assuming a role of arbitrator or identifying itself explicitly with the negotiations, the U. S. could still be helpful in this connection and would consider how our commitment to assist in the development of the Korean economy could be represented publicly in a way that would assist the ROKG in reaching a settlement.

8. The principal requirement for making a settlement acceptable in Korea, the Prime Minister said, would be through "unification of the domestic political situation." Mr. Barnett told the Prime Minister that if he meant translating the issue into a national goal as opposed to a party or government goal, then he could not agree more, and the U. S. wanted to help in this connection if it could. He asked, what might the U. S. do? In reply the Prime Minister suggested that the U. S. Government invite to Washington a delegation of politicians and National Assembly members for a conference at which the U. S. would explain why it attaches so much importance to a Korean-Japanese settlement. Such a conference would be widely publicized in Korea and could help the Korean Government stress the benefits of a settlement as well as allay popular anxiety about a U. S. withdrawal. Mr. Barnett thought that such action by the U. S. would be misconstrued if specifically related to the Korean-Japanese negotiations. As the Prime Minister knew, however, the U. S. had in the course of this year invited a number of leading figures from the various political parties to visit the U. S. on leader grants. Mr. Barnett said he had talked with all of these visitors and the Korean Embassy in Washington had indicated to them that the talks had been extremely useful. Mr. Barnett offered to consider a possible expansion of this existing program provided resources could be made available either by the U. S. Government or the Korean Government.

9. Yoshida Visit: The Prime Minister said another way in which the U. S. could be helpful would be to encourage the Japanese Government to agree to a good will visit by former Prime Minister Yoshida. Such a visit would be regarded by most Koreans as a great honor since Yoshida was well known in Korea as the greatest post-war Japanese statesman. It would do a great deal to restore the faith of the Korean people in the Japanese and also help to erase lingering feelings of hostility. If Yoshida could in the course of his visit, as the Prime Minister felt he would, make some expressions of regret for the past, the importance of the visit would be all the greater. Yoshida would not be expected to repudiate past policies or to admit to any Japanese legal responsibilities in connection with the

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past but only to express the consideration of the Japanese people in a way that would convince Koreans of the sincerity of the Japanese and thus help to counter charges that the Korean Government is seeking a settlement through "humiliating" or "low posture" diplomacy. Possibly a joint communique could be issued at the conclusion of the Prime Minister's visit which would refer to his meeting with President Pak but there would be no effort on the part of the Koreans to negotiate or even to discuss the substantive issues of the negotiation. Hopefully, on his return, Yoshida would be able to convey an impression to the Japanese Government and to the Japanese people which would increase their desire for a settlement. Mr. Barnett said that he knew from his discussions in Tokyo that the Japanese were very much interested in the possibility of a visit by Yoshida but they wanted to be assured that it would be arranged, handled, and timed in a way which would contribute substantially to the resumption of negotiations. He asked the Prime Minister if he could, on his return to Tokyo, assure the Japanese that it was the expectation of the Korean Government that the visit of Yoshida would, if all went well, make it possible to resume negotiations. Mr. Barnett said he had received the assurances of the Korean Foreign Minister on this point and would like to have also the assurances of the Prime Minister for confirmation. Mr. Barnett pointed out that he was planning to meet on Tuesday with Mr. Ushiroku. The Prime Minister replied that he believed Mr. Barnett could make such a statement as his own opinion based on conversations with Korean Government officials but without quoting the Prime Minister.

10. Seizure of Fishing Boats: Mr. Barnett asked the Prime Minister if there was anything particular that he thought Mr. Barnett should bring to Ushiroku's attention. The Prime Minister referred to the recent seizure of another Japanese fishing boat. The Prime Minister said that the boat seized was one of a large number of Japanese vessels which came so far into Korean coastal waters that they penetrated the 12-mile limit based on a line agreed to by the Japanese in the negotiations last spring. The clamor of the Korean fishing interests in such cases is so vociferous that the Korean Government has no alternative but to take action. The Prime Minister asked Mr. Barnett to urge Japanese officials to insure that Japanese vessels do not penetrate so deeply into Korean coastal waters. Mr. Barnett said that he knew that the continued seizure of Japanese vessels by the Korean authorities was a matter of serious concern to the Japanese and he said he would convey the Prime Minister's request, hoping that if the Japanese were more careful about staying greater distances from the Korean coast in the future, the Korean authorities would be more restrained and try to avoid seizures.

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11. Fisheries: The fisheries problems in the Korean-Japanese negotiations were not discussed in detail but Mr. Barnett pointed out to the Prime Minister that Japanese fisheries were worldwide and that to some extent the legal position of the Japanese Government in its negotiations with Korea was based on the need to protect this international position. If the Koreans sometimes felt that Japan was uncompromising on certain technical or legal points, Mr. Barnett thought it would be well to keep in mind that the great interests of Japan and its fisheries around the world deprived the Japanese negotiators of some flexibility.

12. Development Assistance Commission: Mr. Barnett explained to the Prime Minister the position of Mr. Thorp, the chairman of the DAC, as an international civil servant and gave a brief account of his discussions in Tokyo with Mr. Thorp, particularly on the subject of a possible DAC group for Korea. Mr. Thorp had had some very useful conversations also with Korean delegates to the Bank and Fund meetings, including the Minister of Finance. Mr. Barnett said he hoped the Korean Government would continue to pursue its interest in a consultative group as a possible contribution to the task of allaying Korean anxiety about Japanese economic domination of Korea. In this connection Mr. Barnett made some general comments to the effect that a number of countries, for example Holland in its relations with Germany, and the Government of the Republic of China in its relations with Japan, had managed to pursue cooperative economic policies in their mutual self-interest despite past or current political differences or grievances.

13. Prime Minister's Visit to Tokyo: The Prime Minister said he hoped to accept an invitation to visit Taipei on the occasion of the Double Ten celebration and he was thinking of stopping in Tokyo on his return to Seoul. He had asked for Ambassador Brown's advice and was waiting for us to tell him if we thought this might be a good idea. Mr. Barnett asked the Prime Minister what he thought to accomplish by this visit. The Prime Minister said he would expect to have meetings with Prime Minister Ikeda and talk with him about the prospects for resuming negotiations for normalization. He also wanted to point out that the Kim-Ohira agreement was widely misconstrued in Korea because of the public distrust of KIM Chong-pil and he wanted to explore with Ikeda the possibility, if not of re-opening the agreement, at least giving it a new name. The Prime Minister said that if there is, however, a good prospect of Yoshida's visiting Korea this year, he would give up the idea of a visit to Tokyo since he would wish in that case to avoid the impression that instead of returning his visit, Ikeda had merely sent Yoshida to repay the call.

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- 7 -

14. Bundy Visit The Prime Minister expressed his pleasure at the expected visit of Mr. Bundy. Mr. Barnett pointed out that Mr. Bundy had spent most of his time in office dealing with the problems in Southeast Asia, leaving the more manageable problems in other parts of East Asia to Mr. Barnett and Mr. Green. The recent coup in Viet-Nam might make it necessary for Mr. Bundy to cancel his visit to Tokyo and this, of course, would rule out his coming to Korea. Predictably, when Viet-Nam was mentioned, the Prime Minister repeated his often expressed wish to be allowed to send combat forces (this time he specified volunteers recruited from among personnel retired from the ROK forces). Mr. Barnett restated the reasons why this would not be advisable. The Prime Minister referred again to this subject at the end of the discussion and laughingly asked Mr. Barnett to tell Mr. Bundy that he would be glad to go to Viet-Nam as an observer and then visit Washington to report his observations to Mr. Bundy. Mr. Barnett asked: "Do you really mean it?" And the Prime Minister nodded his assent.

15. COMMENT: Much of the above is not new, but the Prime Minister was pleased to see Mr. Barnett and evidently intent on making a good impression. Perhaps of most significance was the keen expression of interest in the usefulness of a good will visit by Yoshida in paving the way for a resumption of negotiations with Japan. Mr. Barnett's explanation of the reasons for the United States policy of avoiding direct involvement in the negotiations will be helpful in disabusing ROKG officials of their unrealistic hope that we will get the settlement for them and remove the onus from them.

16. The reference to a possible visit to Viet-Nam, although made jokingly, is one more in a series of deliberate attempts by the Prime Minister to get invited to Washington.

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# Korea Aid

## Aid to Korea

	Cumulative Through FY64	(\$ millions)				
		FY60	FY61	FY62	FY63	FY64
Economic	3,266.	200	186	120	126	109.
PL 480	594	14	75	75	78	122
Military	2,209.	190	192	137	200	165
<b>TOTALS</b>	<b>6,069.</b>	<b>404</b>	<b>453</b>	<b>332</b>	<b>404</b>	<b>396</b>

Korean Aid  
 Figures  
 1960-1964

4915

18

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT

*Handwritten initials and scribbles*

**CONFIDENTIAL** (Attachment)

September 25, 1964

TO: Mr. McGeorge Bundy  
The White House

*Handwritten initials*

FROM: Benjamin H. Read  
Executive Secretary

*Ret'd to BKB - 11/6/64  
Korea*

Attached for the information of MR. KOMER is a copy of a memorandum of conversation between Prime Minister Yim Yun-yong and Mr. Robert W. Barnett, Deputy Assistant Secretary, FE, regarding Korea dated September 14, 1964.

Attachment:

As stated.

**CONFIDENTIAL** (Attachment)

SEP 25 1964

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, SEC. 1.1(a)

BY JP ON 10/25/85

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19

DEPARTMENT OF STATE  
ASSISTANT SECRETARY

August 31, 1964

White House-Mr. Komer ✓  
AID - Mr. Poats  
CIA - Mr. Colby

Attached for your information  
is a copy of a letter from Ambassador  
Brown.

*mg*  
Marshall Green  
Deputy

SEP 1 1964



EMBASSY  
OF THE  
UNITED STATES OF AMERICA

Number 1 of 4 copies

19a

Seoul, Korea.  
August 27, 1964.

*Korea*

OFFICIAL - INFORMAL  
SECRET

Dear Marshall:

As you can appreciate, the past two weeks have been primarily taken up by meeting my American colleagues, courtesy calls and generally trying to learn my way around. Any substantive business which I have transacted has already been reported by telegram. But I thought it might be of interest to give you a few first impressions, because first impressions, although based upon incomplete knowledge, sometimes have a certain intuitive validity.

First of all as to people. All of the good things that you and others told me in Washington about our staff here are entirely justified. We have a first-rate staff and a very well organized and smooth running operation. I have personally visited every office, department, warehouse and shop in the Embassy, USOM, USIS and Attache areas, and have met all of the American and local employees in their offices and places of work. My impressions have been uniformly favorable.

I find the Koreans also to be congenial and foresee no problem in establishing good relations with them. Two or three members of the Diplomatic Corps should be both congenial and helpful. General Howze and his colleagues have been thoroughly cordial and highly cooperative.

The Honorable  
Marshall Green,  
Deputy Assistant Secretary for Far Eastern Affairs,  
Department of State,  
Washington, D. C.

GROUP 2

Exempted from automatic downgrading

By Matthews G. Friedman

SEP 1 1964

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLI 01-205  
By cbm, NARA, Date 4-5-02

PRESERVATION COPY

Secondly, as to the political situation. In this brief two weeks, in reading the local press and in talking to Koreans and to my staff, I get the impression of a government of reasonable goodwill toward the people. Compared with other developing countries, Korea has a relatively high understanding of the economic and administrative problems which it faces and a relatively high degree of professional competence among its officials. This government, however, appears to have a relatively shaky base in public support. The President and some of his senior colleagues appear to be uneasy and unhappy in the cut and thrust of domestic politics. So many of them are still essentially soldiers and think along military lines of organization and command in their search to get things done, that when these techniques either prove unsuitable or fruitless, they feel frustrated and at a loss as to how to proceed.

Moreover, some of them and particularly the Foreign Minister, appear to be endowed with a singular capacity for making trouble for themselves. I have been amazed, for example, at the way in which the Foreign Minister and others in starting out to get something done, will announce to the world not only what he intends to do, but what other men whose cooperation he needs will do, and will make this announcement before he has even received their consent. The proposed formation of a committee of former negotiators with Japan to advise on the current negotiations is a case in point. The names of such distinguished and respected citizens as Ho Chung and Yi Ho appeared on this list. This is not a bad idea, but Ho Chung had not given his approval and the Foreign Minister was quite frank with Yi Ho in saying, "He won't have to come to any meetings, I just want to use his name." Such tactics, of course, only add to the monumental lack of respect and confidence which the Foreign Minister already enjoys with press, opposition, and senior Koreans.

This young man is wholly irresponsible and has no conception as to how to deal with foreign affairs. When Habib spoke with him about the proposed consultative group and he

began to understand what it was all about, his immediate reaction was, "This is a fine idea, write me out a statement to the press." It was only at our most vigorous insistence that he was persuaded to refrain from doing so. He apparently had not the slightest idea of the implications of the fact that other countries are involved and that problems that require patient, careful and private negotiation cannot be dealt with by hasty announcements to the public.

He talks well, but so far has delivered little. For example, the public education campaign which he promised has not even begun to materialize. Yi says that "the time is not yet ripe."

The Foreign Minister's ill-considered leak to the press about a drastic reshuffle of "inexperienced and incompetent Ambassadors" which had to be retracted is another illustration of his ineptitude. There will be some changes, and we are concerned that Mike Kim will go. Yi told Habib that Ambassador Kim "might" be replaced, and did not respond to dissuasion. As his replacement Yi said the President was thinking of Henry Kim or Paek Tu-chin. We believe the former would accept but the latter would not.

I did not bore you with a copy of his first draft of what Yi proposed to say to the press after our first meeting, which I believed he deliberately prolonged by lengthy discussion of irrelevancies in order to make it seem more important to the public. It included such gems as quoting me as giving unequivocal support to the personal diplomacy of Foreign Minister Yi Tong-won, as promising to defend Korea "against Japanese aggression should it again occur," and as promising conclusion of a Status of Forces agreement "this year." Despite the fact that he was firmly told by Habib that this kind of thing did not wash, the second draft that he presented to me personally at our meeting was in some respects even worse. Our legitimate concern over what Yi might say after a meeting with me prompted the decision to limit him through agreement on a text which was consistent with our position and appropriate to the occasion.

~~SECRET~~

-4-

The situation is further confused by the relations, or more accurately perhaps, lack of relations, between key ministers.

You are familiar with the internecine conflict raging in all three of the main political parties. The only groups in the Assembly which are not cleft straight down the middle are those composed of the lone independent and one other group which has only two members.

Doubtless as an old Korea hand you will simply say that this is all quite normal. This may well be true. I refer to it at length and at this early date in my sojourn here primarily because of its effect on our major objective of achieving an early settlement with Japan.

We all know that even under the best of conditions a settlement with Japan would be difficult to sell politically here. Certainly the internecine strife raging in all the parties is not conducive to the atmosphere of compromise, education and public spirit which is necessary to bring this settlement about.

I believe President Pak when he says that he really wants the settlement and I think Yi Tong-won has decided that to achieve the settlement would in the long run (though perhaps not in the short run) advance his political fortunes. Therefore, since he is a vain and intensely ambitious man, I believe that he, too, wants to bring about a settlement soon. Pak chose Yi as Foreign Minister because he wanted someone who was loyal to him and prepared to push hard to a Japanese settlement. Yi may have the will to do so, which other possible Foreign Ministers may lack. He has some good ideas and says many of the right things. But his inexperience, monumental ineptitude and lack of public respect make him a pretty weak instrument through which to accomplish this difficult task. We will, of course, seek to curb his more damaging proclivities, but his ego is such that he believes in his own success regardless of evidence of the problems he faces:

~~SECRET~~

PRESERVATION COPY

~~SECRET~~

-5-

I am sure that these factors in the domestic Korean political situation have not escaped the attention of the Japanese and therefore add to their reluctance to press forward with the negotiation.

The situation may well be further complicated by the results of the student demonstrations in Saigon. I understand that student leaders here are watching events there closely and that two lines of thought are beginning to emerge. One says "See what the students in Saigon have done -- can we not do likewise?" The other says "See what the students in Saigon have done -- I wonder if President Pak is wise enough to learn the lesson." Settlement with Japan still is, or can be made, an issue for the students.

There are some signs of the beginning of wisdom. It appears almost certain that the Government will not push the campus control law and is prepared to take a more conciliatory attitude on the press ethics law, though it does not feel that it can back down completely on this. Pak is trying to paper over the cracks in his party and the economic situation is pretty good. Bountiful harvests should contribute greatly to reasonable political calm in the countryside.

But I beg of you not to count on early or dramatic progress. A Yoshida visit, if properly handled, would be a real step forward. We expect formal approval of the consultative group idea any day now. We should and will continue our campaign of quiet persuasion on both sides. I will begin to see opposition figures next week. We will lose no opportunity to keep the Government's nose to this grindstone in every way that will improve the climate and forward the negotiations. A settlement could well be quickly brought about if we had a well established government with a strong political base experienced in the art of governing. But we do not have this. We cannot, as you have reiterated in Deptel 167, intervene directly. We must make do with what we have. No chain is stronger than its weakest link and the weak link in this particular case is the Government of Korea and particularly its Foreign Minister.

Sincerely yours,

Win

Winthrop G. Brown

~~SECRET~~

PRESERVATION COPY



S/S 11946

DEPARTMENT OF STATE  
WASHINGTON

4426

*J. Rowen*  
*J. Bell*

20

August 19, 1964

MEMORANDUM FOR MR. McGEORGE BUNDY  
THE WHITE HOUSE

Subject: Message for the President from the President of Korea

Enclosed is the original copy of a message delivered to the Department under cover of a note dated August 17, 1964 from the Embassy of Korea with the request that it be forwarded to the President. In as much as the message is an expression of appreciation for the President's congratulations sent in the Department's telegram No. 134 on the occasion of the Korean national day, August 15, we believe no reply is necessary.

*Grant G. Hilliker*  
Grant G. Hilliker *for*  
Assistant Executive Secretary

Enclosure:

Original letter from the  
President of Korea and  
covering note dated August  
17, 1964

AUG 20 1964

445

*Original  
in file  
20a*

KOREAN EMBASSY  
WASHINGTON, D. C.

*Rec. 12/2/54  
2/2/54  
2/1/54*

64/299

HIS EXCELLENCY  
LYNDON BAINES JOHNSON  
PRESIDENT OF THE UNITED STATES OF AMERICA  
WASHINGTON, D.C.

DEAR MR. PRESIDENT:

I AM VERY GRATEFUL FOR THE GRACIOUS MESSAGE  
OF CONGRATULATIONS WHICH YOUR EXCELLENCY SENT TO MY  
PEOPLE AND TO ME ON THE OCCASION OF OUR INDEPENDENCE  
DAY. YOUR KIND SENTIMENTS ARE SINCERELY APPRECIATED  
AND I SEND MY BEST WISHES FOR YOUR EXCELLENCY'S  
HAPPINESS AND THE CONTINUED PROSPERITY OF YOUR  
PEOPLE.

CHUNG HEE PARK  
PRESIDENT, REPUBLIC OF KOREA

206

KOREAN EMBASSY  
WASHINGTON, D. C.

64/298

August 17, 1964

Excellency,

I have the honor to transmit the enclosed cable message to His Excellency Lyndon Baines Johnson, President of the United States of America, from His Excellency Chung Hee Park, President of the Republic of Korea.

I have the further honor to request that the enclosed message be transmitted to its high destination.

Please accept, Excellency, the renewed assurances of my highest consideration.

  
Suk Heun Yun  
Chargé d'Affaires ad interim

His Excellency



DEPARTMENT OF STATE  
WASHINGTON

~~CONFIDENTIAL~~

S/S 11810

4361

21

1. ~~KOR~~ OR

August 17, 1964

2. Ret

Ret'd to BRS - 8/18/64.  
Korea

MEMORANDUM FOR MR. McGEORGE BUNDY  
THE WHITE HOUSE

Subject: Memorandum of Conversation between  
the President and Winthrop G. Brown -  
Ambassador-designate to the Republic  
of Korea.

Enclosed for White House approval is the  
Memorandum of Conversation between the President  
and Winthrop G. Brown - Ambassador-designate to  
the Republic of Korea.

The President's remarks are sidelined in  
blue.

This Memorandum of Conversation has been  
drafted by Ambassador Brown.

*Benjamin H. Read*  
Benjamin H. Read  
Executive Secretary

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12958, SEC. 1.1(a)

BY cb ON 2-22-93

AUG 17 1964

CONFIDENTIAL

21a

MEMORANDUM OF CONVERSATION

American Embassy,  
Seoul, Korea.  
August 10, 1964.

Participants: The President of the United States  
Mr. Robert Komer - Executive Office of the President  
Winthrop G. Brown - Ambassador-designate to the  
Republic of Korea.

Copies to: The White House  
S/S for the Secretary  
Ambassador Brown

Place/Date: The White House - July 31, 1964.

---

The President asked about the current prospects for political stability in Korea and for an early settlement with Japan. After receiving a brief resume of the current situation on these points from the Ambassador, the President stated that he regarded an early settlement between Korea and Japan as a matter of top priority.

The President then approved the draft oral message from himself to President Pak which had been submitted by the Secretary of State for his approval.

Summary of Action: Copy to FE.

CONFIDENTIAL

WRB

DECLASSIFIED  
Authority 7109 92-168 (#160a)  
By sg/jw, NARA, Date 8-8-97

PRESERVATION COPY

ADDRESS OFFICIAL COMMUNICATIONS TO  
THE SECRETARY OF STATE  
WASHINGTON 25, D. C.



S/S 11398

DEPARTMENT OF STATE  
WASHINGTON

August 6, 1964

22

LIMITED OFFICIAL USE

MEMORANDUM FOR MR. McGEORGE BUNDY  
THE WHITE HOUSE

SUBJECT: Proposed Reply by President Johnson to the  
Korean President's Message on the Situation  
in Southeast Asia

*1 Korea  
3. ret.  
Read  
Aug rec'd to pks  
w/ Park memo  
8/7/64  
w/ reply*

Enclosed is a suggested reply to President PARK's message of August 5 to President Johnson supporting the action taken by the United States in the North Viet-Nam area, forwarded to you by my memorandum of August 5.

The Korean Government published President Park's message on August 6, deleting reference to President Johnson's personal message to President Park and referring instead to President Johnson's public statement.

*[Signature]*  
for Benjamin H. Read  
Executive Secretary

Enclosure:

Proposed reply to message  
from President Park

Exempted from automatic decontrol

LIMITED OFFICIAL USE

*Cy to let*

AUG 7 1964

PRESERVATION COPY

22a

LIMITED OFFICIAL USE

VERBATIM TEXT

Amembassy SEOUL PRIORITY

Embtel 122

Please deliver following message to President PAK from President Johnson:

BEGIN VERBATIM TEXT:

I deeply appreciated your message of support of American action against the North Vietnamese Communist attackers. The knowledge that our close Korean allies are, as always, firmly with us in the cause of freedom is a source of great reassurance.

Sincerely, END VERBATIM TEXT

U.S. Govt does not plan publish but has no objection if ROK Govt wishes to do so.

END

FE:EM:CANorredJr:blm 8/6/64

FE - Marshall Green

EA - Mr. Fearey  
S/S -  
White House -

FE/P - Mr. Gaiduk  
P - Mr. Thirkield

S/VN - Mr. Roberts (subs)

LIMITED OFFICIAL USE

Corrections made on original green MUST be made on this and other flimsy work copies before delivery to Telecommunications Operations Division

FORM 9-62 DS-322

PRESERVATION COPY



S/S 11322

DEPARTMENT OF STATE  
WASHINGTON

*Mr. Rosen  
(FYI)*

August 5, 1964

*23*

*Korea*

MEMORANDUM FOR MR. McGEORGE BUNDY  
THE WHITE HOUSE

Subject: Response of President Chung Hee  
Park of South Korea to President's  
Message on Situation in Southeast  
Asia

Enclosed is a reply to the President's message  
on Southeast Asia from President Park of South Korea  
which was received today in the Department from the  
South Korean Embassy.

A recommendation regarding disposition of the  
reply will follow shortly.

*Benjamin H. Read*  
Benjamin H. Read  
Executive Secretary

Enclosure:

Message to the President  
from President Park of  
South Korea

AUG 7 1964

4218

38

23a

S

RECEIVED  
DEPARTMENT OF STATE

**ACTION**  
is assigned to  
**S/VN**

KOREAN EMBASSY  
WASHINGTON, D. C.

1964 AUG 5 PM 4 04

ARMY  
ANALYSIS & DISTRIBUTION  
BRANCH

11322 RM/R

64/285

August 5, 1964

Excellency,

I have the honor to transmit the enclosed cable message to His Excellency Lyndon Baines Johnson, President of the United States of America, from His Excellency Chung Hee Park, President of the Republic of Korea.

I have the further honor to request that the enclosed message be transmitted to its high destination.

Please accept, Excellency, the renewed assurances of my highest consideration.

*Chung Yul Kim*  
Chung Yul Kim  
Ambassador

His Excellency  
Dean Rusk  
Secretary of State  
Washington, D.C.

67 1964

POL 27 VIET S XR POL 3

23b

KOREAN EMBASSY  
WASHINGTON, D. C.

64/286

HIS EXCELLENCY  
LYNDON BAINES JOHNSON  
PRESIDENT OF THE UNITED STATES OF AMERICA  
WASHINGTON, D.C.

DEAR MR. PRESIDENT:

IT IS MY PLEASURE TO ACKNOWLEDGE RECEIPT OF THE  
SIGNIFICANT MESSAGE YOU HAVE SENT ME TODAY.

IN READING THE STATEMENT YOU MADE WITH REGARD TO  
THE UNWARRANTED ATTACKS UPON THE U.S. VESSELS BY COMMUNIST  
NORTH VIETNAMESE, I WAS ENCOURAGED TO SEE THAT YOU HAVE  
TAKEN POSITIVE RETALIATORY MEASURES AGAINST THE COMMUNIST  
ATTACKERS. THE PEOPLE OF KOREA JOIN ME IN WELCOMING AND  
SUPPORTING YOUR STATEMENT WHICH UNEQUIVOCALLY DISPLAYS  
U.S. DETERMINATION TO SAFEGUARD AT ALL COSTS THE SECURITY  
IN SOUTHEAST ASIA AGAINST THE RENEWED ACT OF AGGRESSION BY  
THE NORTH VIETNAM COMMUNISTS.

I HOPE THAT YOUR RESOLUTE RESPONSE TO THE NORTH  
VIETNAMESE REGIME WOULD FORCE THEM TO DISCARD THE POLICY OF  
INFILTRATION AND AGGRESSION, AND PAVE THE WAY FOR A LASTING  
PEACE IN THE AREA.

RESPECTFULLY,

CHUNG HEE PARK  
PRESIDENT REPUBLIC OF KOREA

AUG 7 1964

4162

24

DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
~~CONFIDENTIAL~~ (Attachment)

*1. Korea*  
*J. Read*  
*Korea*

August 3, 1964

TO: Mr. McGeorge Bundy  
The White House

FROM: Mr. Benjamin H. Read  
Executive Secretary

*[Handwritten signature]*

Attached for the information of MR. KOMER is a copy of a memorandum of conversation between Deputy Assistant Secretary Green and Lt. General Kang dated July 28, 1964.

Attachment:

As stated.

RECEIVED 11 05 AM  
11 05 AM 11 05 AM  
ED. 11 05, SEC. 1.1(c)  
BY *JP* ON 1/15/76

AUG 4 1964 ~~CONFIDENTIAL~~ (Attachment)

AUG 4 1964

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: July 28, 1964

SUBJECT: 1) Korean Military Attitudes toward Martial Law; 2) Korean Military Factionalism; 3) Korean-Japanese Settlement

PARTICIPANTS: Lt. General (retired) KANG Mun-bong, Assemblyman, Republic of Korea  
Marshall Green, Deputy Assistant Secretary, FE  
Christopher A. Norred, Jr., Officer in Charge, EA/K

EMBASSY

COPIES TO:

FE - (3cc)  
EA - 4 (3cc)  
INR - 8  
FE/P - 1

20

OSD/ISA - 1  
White House, Mr. Komer - 1  
Anembassy Seoul - 2  
Anembassy Tokyo - 2  
CINCPAC FOR POLAD - 1

POL 23-0

Korean Military Attitudes toward Martial Law

Mr. Green said news reports indicated that the Korean Government was lifting martial law in Seoul at midnight. He added that Civil Rule Party Assemblymen recently had told him they were highly concerned about military plans to continue martial law indefinitely, and he expressed the hope the raising of martial law would ease this anxiety.

Mr. Kang said the authorities could have found no excuse for further extension of martial law, which had already broken the record in Korea. Generals MIN Ki-sik, KIM Song-un, and KIM Chong-o, who wished to display their loyalty to President PAK, were alone among the military leaders in favoring continuation of martial law. The regimental commanders of the divisions sent to Seoul and the great majority of the general officers were committed to democratic principles and opposed continuation of martial law.

Korean Military Factionalism

Mr. Green asked Mr. Kang about the present situation of factionalism in the Korean military forces.

Mr. Kang admitted that he was considered a key leader of the "Alaska" (Hangyong) faction. He said factionalism was not serious at present. Factionalism in the Korean military had developed only in 1951, when the enlargement of the forces called for appointment of many new generals. Most of the high-ranking

FORM DS-1254  
3-61

Classified by 314

~~CONFIDENTIAL~~

GROUP 3

Downgraded at 12 year intervals; not automatically declassified

4

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLI 01-205

By cbm, NARA, Date 4-5-02

AUG 4 1964

PRESERVATION COPY

~~CONFIDENTIAL~~

- 2 -

military were from North Korea. The South Koreans had their families and other interests, and avoided military duty, while the North Korean refugees were interested strongly in military activity. The "Alaskans" and "Texans" (P'yongan) had advanced well in the military, until many were purged in 1963 for alleged conspiracy against the state.

MIN Ki-sik and KIM Chong-o were relatively junior officers of South Korean origin. Mr. Kang said General Min had done well in a Manchurian college of high standards, and was unquestionably an intelligent man despite feigned foolishness. General Kim Chong-o on the other hand was as small in mentality as in stature. He was narrow-minded and inflexible. He thought Generals CHUNG Il-kwon and Kang Mun-bong and other "Alaskans" had held him back in advancement, and was bitterly hostile toward them.

Mr. Kang said that although many high-ranking "Alaskans" remained in the armed forces, the young officers were mostly South Koreans. The North Koreans, although numbering only about 5 million of the total South Korean population of about 26 million, controlled approximately half the wealth, and the young generation of North Koreans was not interested in military service.

Mr. Green asked if the North Koreans in South Korea differed from the South Koreans in attitudes on Communism and unification. Mr. Kang said the North Koreans hated the Communists more. He believed the South Koreans, especially in the Cholla and Kyongsang Provinces, were more inclined toward Communism. During the guerrilla campaigns before the Korean War, the military had dealt harshly with the South Korean populace, arousing their antagonism.

Mr. Kang said economic hardship made the South Koreans susceptible to Communism. He said the charge against the "Kyonghyang Sinmun" president, for example, was based wholly on pictures showing South Korean children desperately eating roots for food.

#### Korean-Japanese Settlement

Mr. Green asked what could be done to improve the situation. Mr. Kang replied that the economy should be improved. His party opposed the Korean-Japanese settlement. It did not, however, oppose immediate economic ties with Japan. If President PAK was determined to achieve a settlement with Japan, he should go ahead. The Opposition would "yell," but it would not be serious.

The student demonstrations against the Japanese settlement had been incited by the Opposition, with good reason. For the sake of Korea's national dignity, Japan should apologize for its colonial policies, and

~~CONFIDENTIAL~~

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~~CONFIDENTIAL~~

- 3 -

all treaties of that period should be nullified. Although \$600 million in claims had been agreed upon, the total Korean claims amounted to \$1.6 billion. This total should be taken into account, although it would of course be offset by other considerations. In the fisheries agreement, too, a means should be found to protect essential Korean interests.

Mr. Green said the Republic of Korea urgently needed a settlement with Japan to maintain its UN support and to counter the North Korean threat. He said he was concerned not only about what Korea could gain in a settlement with Japan, but also about what Korea would lose if a settlement were not achieved. Without normal relations with Japan, Korea would be isolated.

Mr. Kang said he agreed. Korea should go ahead to open normal diplomatic relations with Japan. Prime Minister Chong had asked him to develop an Opposition plan along these lines. He had done so, but the martial law situation had prevented its presentation to the Opposition leaders.

~~CONFIDENTIAL~~

PRESERVATION COPY

*Korea*

25

CROSS REFERENCE SHEET

**TYPE OF DOCUMENT**

Cable \_\_\_\_\_

Letter \_\_\_\_\_

Memo ✓ \_\_\_\_\_

Other \_\_\_\_\_

DATE 8/3/64

FROM Dean Rusk

TO President

NUMBER \_\_\_\_\_

SUBJECT Proposed Oral Message on Korean-Japanese  
Negotiations to be delivered to the Korean  
President from you by Ambassador Brown.

*(President saw Brown  
7/31/64 and approved message.)*

SEE Japan-Korea

# OUTGOING TELEGRAM Department of State

INDICATE:  COLLECT  
CHARGE TO

**CONFIDENTIAL**

59

VERBATIM TEXT

Origin  
SS

ACTION: Amembassy SEOUL 99  
Amembassy TOKYO 333

Info:

INFO: CINCPAC

CINCPAC FOR POLAD (pass Ambassador Brown)

~~UNCLASSIFIED~~

~~EXEMPT~~

~~FROM THE CONTROL OF THE NATIONAL ARCHIVES~~

*Handwritten signatures and notes:*  
Aug 2 11 55 PM '64  
Pak

Deptel 97

Following is text of oral message from President Johnson to President PAK to be ~~ask~~ delivered by Ambassador Brown:

BEGIN VERBATIM TEXT:

President Johnson asked me to give you his warm personal regards. He also asked me to speak to you for him about the negotiations for normal relations between Korea and Japan, which he discussed with you last November. He hopes that you will move forward shortly to establish normal relations and reach a settlement with Japan. It is not healthy for Korea to continue long to be so exclusively dependent upon a single outside friend as it is at present. Korea needs greater trade and a wider circle of strong supporters from abroad. A settlement would be of great benefit to Korea, both economically and politically, and would have good effects for Korea far beyond the direct arrangements established between Korea and Japan. It would also benefit the Free World position in the Far East.

**DECLASSIFIED**  
Authority 12992-168 (#1106)  
By h/jw, NARA, Date 8-8-97

Grouped by: FE: AA:CANorredJr:bhm 7/31/64  
Telegraphic transmission and classification approved by: FE - Marshall Green

EA - Mr. Fearey  
Ambassador Brown (subst)

S/S - Miss Moor  
White House - Mr. Komer

AID:FE3EA-Ives

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

The President hopes that delays will not continue, fearing that Korea's diplomatic and economic prospects and the Free World position in Asia will deteriorate unless this normalization is soon achieved. The United States Government is prepared publicly to support such a settlement, and to make clear that it will not affect the basic United States policies of economic assistance to Korea. In fact, such a settlement would make United States assistance more fruitful, for it would be working in a stronger and more broadly based economy.

It is because the President holds these views strongly that he authorized me to stress United States support of a Korea-Japan rapprochement in my public statement on arrival. END VERBATIM TEXT.

GP-3.

RUSK

END

~~CONFIDENTIAL~~

PRESERVATION COPY

27

THE WHITE HOUSE  
WASHINGTON

July 30, 1964

MEMORANDUM FOR

MR. KOMER

SUBJECT: Appointment with the President  
-- Ambassador Brown

The President has agreed to see Ambassador  
Winthrop Brown on July 31 at 5:30 P.M. State  
has been informed.

GC  
Gordon Chase

cc: Mr. Bundy  
Mr. Valenti  
Gwen King

JUL 30 1964

EXECUTIVE OFFICE OF THE PRESIDENT  
NATIONAL SECURITY COUNCIL  
WASHINGTON 25, D.C.

~~CONFIDENTIAL~~

July 29, 1964

*Korea*

MEMORANDUM FOR MR. KOMER

SUBJECT: U. S. Aid to Korea

1. Here are the figures on U. S. economic assistance to Korea for FY 1964 and FY 1965:

	<u>FY 1964</u> <u>(Actual)</u>	<u>FY 1965</u> <u>(Planning)</u>
Supporting Assistance	\$ 76.2	\$ 75.0
Development Loans	29.6	40-65
Technical Cooperation	3.7	4.5
Public Law 480:		
Title I (sales)	97.3	75.2
Title II (donations)	27.9	10.0
Title III (donations)	<u>8.6</u>	<u>3.4</u>
Total	\$243.3	\$208.1 - 233.1

2. Our economic assistance to Korea for the eighteen years from FY 1946 through FY 1964 has totalled \$3.8 billion.

3. Military assistance (MAP) was \$153.2 million in FY 1964. It is planned at \$145.8 million for FY 1965.

4. Total military assistance (MAP) since FY 1946 has amounted to approximately \$2.8 billion.

*JCTG.*  
James C. Thomson, Jr.

146  
208-233  

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354

**DECLASSIFIED**  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By *jc*, NARA, Date 5-8-01

THE SECRETARY OF STATE  
WASHINGTON

CONFIDENTIAL

July 27, 1964

*Korea*  
*Request to Mr. Brown*  
*Rusk memo to Pres.*  
*7/28/64*

MEMORANDUM FOR THE PRESIDENT

Subject: Request for Appointment for Ambassador-designate Winthrop G. Brown (Korea)

29

Recommendation:

I recommend that you receive Ambassador-designate Winthrop G. Brown briefly for a conversation before his departure for his post in Seoul on about August 1.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Discussion:

This visit would enable him to press more effectively with the Korean Government for early settlement in the Korean-Japanese negotiations to establish normal relations. The Korean Government has asked that the United States involve itself in such a settlement by sending me or another high United States official in the belief that this would make it difficult for the Opposition to obstruct the settlement. Embassy Tokyo has pointed out, however, that the Japanese would be repelled by such an American involvement. I believe that with evidence of your backing and mine, Ambassador Brown should be able upon his arrival to press President PAK to move ahead quickly toward a settlement with Japan, which would be of great benefit at this time.

A biographic sketch of Ambassador-designate Brown is enclosed.

*Dean Rusk*  
Dean Rusk

*President saw Brown*  
*7/31/64 - 5:30 pm*

Enclosure:

Biographic sketch.

CONFIDENTIAL  
Group 3

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**DECLASSIFIED**  
Authority 7L992-66 (#137a)  
By 5/jw, NARA, Date 8-8-97

*7/28/64*

29a

UNCLASSIFIED

BIOGRAPHIC SKETCH

Ambassador-Designate Winthrop G. Brown (Korea)

Born in Maine in 1907, Mr. Brown attended Yale University, where he obtained B.A. and LL.B. degrees. After graduating from law school in 1932, he practiced law for nine years.

In 1941 Mr. Brown joined the Lend Lease Administration and served as Executive Officer of the mission in London until the end of World War II. From 1945 until 1952 he served in the Department of State, becoming Director of the Offices of International Trade Policy and International Materials Policy.

Mr. Brown returned to London in 1952 as Counselor of Embassy; in 1955 he became Director of the ICA Mission in the United Kingdom. Following assignments to New Delhi and Katmandu, Nepal, as Minister-Counselor, he was appointed Ambassador to Laos in 1960. For his service in Laos the late President Kennedy presented the Distinguished Federal Civilian Service Award to Mr. Brown. He has served as Deputy Commandant of the National War College since 1962.

Mr. Brown is married to the former Peggy Ann Bell, and they have three children.

7/28/64

FORM DS-14  
4-1-55

DEPARTMENT OF STATE  
WASHINGTON

DATE

INTERDEPARTMENTAL REFERENCE

July 15, 1964

REFERRED TO

Mr. Komer, The White House

RE:

30

WRITER  HAS  HAS NOT BEEN INFORMED OF THIS REFERENCE

COMMENTS:

Attached for your information is a copy of the memorandum of conversation covering my talk on July 9 with Korean Ambassador to Germany CH'OE Tok-sin.

SIGNATURE

OFFICE OR DIVISION

Robert W. Barnett, FE

JUL 17 1964

## DEPARTMENT OF STATE

*Memorandum of Conversation*

DATE: July 9, 1964

SUBJECT: Multi-National Organization for Korean Economic Assistance

PARTICIPANTS: CH'OE Tok-sin, Korean Ambassador to Germany  
 KIM Chong-yol, Korean Ambassador to the U.S.  
 SONG Chong-bom, Economic Minister, Korean Embassy  
 Robert W. Barnett, Deputy Assistant Secretary for Economic Affairs, FE  
 James Carey, Deputy Director, Office of Korean Affairs, AID  
 Christopher A. Norred, Jr., Officer in Charge, EA/K

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OFE - 1		

Korean Views on German Economic Assistance to Korea

Ambassador CH'OE said that his consultations in Seoul had been mainly concerned with continued economic and technical assistance from Germany. He reviewed the history of German assistance. In late 1961 the Korean Minister of Commerce and Industry had visited Germany, and Germany had agreed to provide \$18.75 million each in government credits and long-term commercial credits. In 1961, the budget as a whole had been lower and the aid funds higher than in later years. Last year's aid budget was about one-half of that of 1961. Moreover, the number of recipient countries had increased to about 30. Germany was using aid as a political weapon, giving aid to newly-independent countries, especially in Africa, to prevent their establishing relations with East Germany.

Korean Views on Multi-National Organization for Assistance to Korea

The Korean Government felt that Germany should give more aid. It thought that perhaps the U.S. might play a leading role in forming a consortium or consultative group for assistance to Korea. The Koreans would like to ask for more and more assistance from the U.S., but they understood the reasons for decreasing U.S. assistance. Therefore, they were interested in forming an international group which would secure aid from various countries. They hoped that normal relations would be established with Japan, and Ambassador Ch'oe expressed his view that Japan should be included in the group.

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NLJ 01-205  
By cbm, NARA, Date 4-5-02

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JUL 17 1964

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Ambassador Ch'oe quoted German President Luebke as having told the Asian diplomats in Bonn last year that Germany was helping them because the U.S. and others had helped Germany when it was in a difficult position after World War II. German aid was conducted not as a political gesture, but as a moral obligation.

Ambassador Ch'oe said that if assistance came only from Japan, the Korean people would have difficulty in accepting it.

After his talks here, he would talk with the German Government about a multi-national aid group. If the Koreans talked individually with countries about bilateral aid, the prospects would not be favorable.

#### U.S. Policy on Economic Assistance to Korea

Mr. Barnett said he had found Ambassador Ch'oe's presentation very clear, and very much in harmony with some of his own thinking.

He said that many countries friendly to Korea have not understood the U.S. relationship to Korea. The demarcation line is a defense position for the whole Free World, not just for Korea. It is for this reason the U.S. has provided such large amounts of military assistance, supporting assistance, and PL 480. These were not favors to Korea, but necessities for the common interest. Korea and the U.S. have been bearing heavy burdens.

Aid in all these forms reinforced the system of survival. Although Korea and the U.S. were interested in economic development, the U.S. aid program was essentially a support program rather than a development program. The stabilization program and other such programs were addressed to minimum objectives. Without U.S. support of the Korean defense budget and balance of payments, Korea would have either no army or no economy, which would be disastrous. Many European countries, and even Japan, did not understand this nature of the U.S. involvement in Korea.

The U.S. has been troubled by the entry of other countries which have engaged in loans and other economic assistance measures on a profitable basis, while ours were strategically directed. There has been a basic problem of conveying to others the strategic basis of the U.S. involvement. It has not been fair for third countries to benefit, while Korea and the U.S. are struggling. We should start from this conception. There was still much need for education, including Korea itself. The U.S. could not consider its aid unrelated to Korean efforts and foreign policy. It could not subsidize Korea to do less than its best.

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#### U.S. Views on Korean-Japanese Settlement

Mr. Barnett said that he realized Korean relations with Japan were a delicate subject. He wished nonetheless to speak very frankly about them. Minimum survival was not enough for the Korean people. They wanted economic progress such as that achieved in Taiwan. There was no convincing reason this could not be done. The Koreans have shown themselves to be a capable people and have made good use of their resources. They needed capital investment. They also needed to deal with their population problem, and they were doing so. The potential sources of capital were the U.S., Japan, Western Europe, Korea's own savings, and international sources such as IDA and IBRD.

The Korean people should regard a Japanese settlement not as an end in itself, but as a trigger which would set in motion a process of investment, both public and private, with international participation. This process would contribute to Korea's rapid development as an important participant in world economic relations. As evidenced during the past two years, successful exporters of textiles moved into other fields of export, and trade has bred trade. The outlook was promising. He expressed the hope that Koreans would view the results of a Japanese settlement not in terms of Japan's embracing Korea, but in terms of an opening of Korea to the world. The Japanese settlement should be linked to a looking to the rest of the world for assistance and relations of mutual benefit. Economic relations should be developed on a basis of mutual benefit.

#### U.S. Views on Multi-National Organization for Korean Assistance

Mr. Barnett said that the U.S. Government thought as the Korean Government did about the role of Germany and multilateral involvement. Not only Germany should be involved, but also France, Italy, Great Britain, and the Netherlands, who had something to offer. A debt servicing obligation of \$25 million a year, such as Korea would soon be facing, was too much. Korea should seek soft loans from all sources.

Mr. Barnett closed by saying he did not know whether it was advisable for the U.S. to act as a quartermaster for Korea. There was much to be said for Korea taking the lead. He was not sure the U.S. should be an agent for Korea. The U.S. was more experienced, and could help by holding preliminary talks and discussing the case. In the end, however, Korea should make the requests, and the dealings should be between Korea and the group. He expressed the view that success depended on a Korean-Japanese settlement.

#### Korean Views on Korean-Japanese Settlement

Ambassador Ch'oe said he appreciated Mr. Barnett's philosophical and strategic comments, with which he was in agreement. He would talk about

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- 4 -

them in more detail later, but first he wished to talk about a Korean-Japanese settlement.

Many wondered, including the Germans, why a settlement had not yet been achieved. The President of the Bundestag had asked his advice on a Korean-Japanese settlement. Ambassador Ch'oe suggested that Prime Minister Ikeda should show great statesmanship by making two statements; with respect to the past, he should admit that the occupation of Korea had been wrong and had kept Korea closed to the outside world, and for the future, he should recognize that the defense of Korea with the support of other countries was very important to Japan's security. Ambassador Ch'oe commented that Japanese economic benefits from the Korean war had helped establish Japan's present prosperity. Japan was devoting little of its budget to defense. Japan in assisting Korea would be helping itself, not engaging in charity. Bundestag President Gerstermaier had persuaded Prime Minister Ikeda to agree to the first of the two points. Ikeda had asked Gersteinmaier to convey it to President Pak, who had said it was the first time he had received such a message from the Japanese. Ikeda had, however, rejected the second of Ambassador Ch'oe's suggestions.

Ambassador Ch'oe said that when he as Foreign Minister had met with the Japanese Foreign Minister in March 1962, and subsequently, it had been held that all issues should be settled first, before the establishment of normal relations. Now, however, he suggested that they shift to establishing normal relations first, on the condition Japan accept the two points he had suggested through President Gerstermaier to Ikeda. The Korean Government would then be in a better position to persuade the Korean people to cooperate with Japan. This was not yet accepted policy, but he wished to sound out the views of the U.S.

#### Closing Remarks

Ambassador Kim, noting that they had to leave for another appointment, made some brief closing remarks on German assistance to Korea. He noted that the USOM had never given public credit to German assistance. So far as he knew, the U.S. had not expressed its general policy views on Korean economic assistance to the Germans. If the U.S. were to talk at high level with the Germans, he believed it would be of benefit.

It was agreed that another discussion would be held, before Ambassador Ch'oe's departure the next week, on the following subjects: particular problems in German assistance, general relations with Germany concerning Korea, and the issue of a step-by-step settlement with Japan as opposed to a full settlement effort. Mr. Barnett pointed out that other countries would be interested less in the mere establishment of diplomatic relations between

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Japan and Korea than in the flow of capital, which could lead to capital flow from other foreign sources.

It was also agreed that nothing should be said to the press about the idea of a multi-national group until the Japanese Liberal-Democratic Party presidential election had been completed.

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DEPUTY UNDER SECRETARY OF STATE  
WASHINGTON

June 12, 1964

~~SECRET~~

MEMORANDUM FOR THE HONORABLE MCGEORGE BUNDY,  
THE WHITE HOUSE

SUBJECT: NSAM 298 on U.S. Forces in Korea.

In accordance with the suggestion made in your memorandum of June 9 to the Secretaries of State and Defense, there is attached a draft of the proposed response to NSAM 298, U.S. Forces in Korea. While this draft was the result of extensive staff work by the agencies concerned, it had not received the approval of the Secretaries of State and Defense and should, therefore, be considered to be solely a staff draft.

*U. Alexis Johnson*  
U. Alexis Johnson

Enclosure:

Draft Memorandum for the President.

Cc: W.H. - Mr. Komer (2)  
Defense/ISA (4)  
Bureau of the Budget - Mr. Clark (1)  
Ambassy Seoul (1)  
AID (4)  
E (2)  
INR (1)  
FE (4)  
S/P (1)

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JUN 15 1964

DECLASSIFIED

E.O. 12356, Sec. 3.4(b)

White House Guidelines, Feb. 24, 1983

By imp, NARA, Date 3-20-95

ULJ 98-13

June 8, 1964

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E.O. 12958, Sec. 3.6

NLJ 95-13

By ij, NARA Date 2-15-96

MEMORANDUM FOR THE PRESIDENT

Subject: Study of Possible Redeployment of  
U.S. Division Now Stationed in Korea

Attached pursuant to your request in NSAM No. 298 is a coordinated State-AID-Defense study of a possible redeployment of one of the two U.S. divisions now stationed in Korea. Appended to the study is a time-phased plan for carrying out the redeployment if such a decision is made.

Defense Department Views

Secretary McNamara has taken into consideration the recommendation of the Joint Chiefs of Staff that a decision on the possible withdrawal, and on the manner of accomplishing it, not be made at this time, pending completion of studies on costs, prepositioning and relocation sites which are now under way. He has considered also the view of the Joint Chiefs of Staff that the withdrawal entails specific risks.

1.5 (A)

Secretary McNamara's conclusion is that the decision to redeploy should be made now and implemented over the next 18 months. He believes that freeing a division from its static commitment in Korea would appreciably improve the U.S. defense posture not only in the Pacific area but world-wide. It is desirable to retain the division as far forward as possible on U.S. territory in the Pacific, but final determination as to the relocation site should await completion of the above-mentioned studies. In Secretary McNamara's judgment, the redeployment would not alter the U.S. strategic position in Korea or restrict the range of alternatives open to us in the event of renewed aggression there. He considers that the U.S. troops that would remain in Korea (over 40,000 at present manning levels), our ability rapidly to augment these forces, improvements in our tactical air capability, the improved flexibility of our over-all military posture in the Pacific and our other actions to counter communism in Asia would constitute convincing evidence of our purpose and will. Secretary McNamara estimates that a maximum annual savings of \$22 million in balance of payments expenditures and \$8 million in budgetary costs could be realized under the most favorable redeployment conditions. This maximum savings would be reduced to the

extent that new facilities were constructed, the Forward Floating Depot augmented, or the Korean economy compensated for the U.S. withdrawal.

State Department Views

My own view is that the proposed redeployment would not be in U.S. interest at this time, as the risks are disproportionate to the relatively small balance of payments and military gains (if any). However, I do agree that the matter periodically be reviewed, possibly again this coming December.

My view may be summarized as follows:

Consequences for Our Over-all Far Eastern Position -- Our position in Asia is under heavy strain this year. A move of the sort proposed would entail the considerable danger of injecting further unsettling effects. Particularly at a time when our position in Southeast Asia is so critical, I would wish to avoid any semblance whatsoever of an implied U.S. willingness to withdraw our power from the Far Eastern area. I believe that Peiping's strategy is directed at having us tire of the frustrating problems in that area of the world, and I would not want to encourage them in the erroneous belief that they are succeeding. If it were possible to have the entire division deployed in a forward area in the Pacific such as Okinawa, Guam or the Philippines, this might have a positive political and psychological effect. However, such a deployment would entail major construction costs and other difficulties. The alternative of withdrawal to the U.S. of all or even a large portion of the forces would give exactly the wrong political signal. While I do not challenge the view of the Secretary of Defense that we may have the capacity of redeploying the forces in question to the Far East as required, the principal issue is not our capabilities but what both our allies and the Communists read as our intentions. Withdrawal of a U.S. division from the Far East, no matter what our technical capabilities may be, will be read as a U.S. intention to disengage.

Consequences in Korea -- Moreover, the redeployment would undermine Korean confidence in U.S. military capabilities and intentions just as the reorganized civil Government addresses itself with apparent determination and new promise to a settlement with Japan, economic stabilization and, largely through these means, strengthening of its own position and achievement of a measure of political stability. Realization of all these goals, in which the U.S. has so large a stake, would be seriously jeopardized. The withdrawal would

1.5  
(a)

In this connection, if the elements of the division which it is proposed be sent to Alaska are given responsibilities in terms of Alaskan defense, it is doubtful that they will be immediately available for rapid deployment to the Far East in case of need.

Financial Consequences -- As for the effects of such a redeployment upon the U.S. balance of payments and budget, Secretary McNamara's savings estimates specifically do not take into account construction of prestockage facilities on land and sea or the providing of necessary funds to compensate the Korean economy and stabilization program for the loss of income (estimated at \$15 million) from the redeployed division. The studies of AID and State staffs indicate that the net annual balance of payments benefit after these factors are taken into account would be very small (probably negative if a brigade were deployed to the Philippines) and that there would be a definitely adverse effect on the U.S. budget -- initial one-time budgetary costs ranging from \$92 million to \$370 million, and annual budgetary costs of from \$7 million to \$26 million.

Possible Solution

At the same time I fully share the view of the Secretary of Defense that our force posture in Korea results in inflexibilities in the use of our military resources. I have given considerable thought to this problem and am persuaded that we can find a way which is politically feasible, assuming it is also militarily feasible, to develop a more responsive force posture in the Far East. Basically, my proposal is that we transform one of the two divisions in Korea into a mobile reserve stationed in Korea but available for meeting crises elsewhere in the Far East. I do not feel that we must accept complete inflexibility in our Korean deployment, particularly when events are making clear the potential requirement for U.S. ground forces elsewhere in the Far East.

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I recognize that there may be a reluctance on the part of the Koreans to see us transform one of our divisions into a mobile Far Eastern area reserve. However, I think we can make a strong case that the most effective way to deter Communist adventurism anywhere in the Far East, including Korea, is by demonstrating our ability to deal immediately and effectively with aggression wherever it occurs throughout the region.

It seems to me time to make this adjustment in the use of our military resources which are, after all, not unlimited. I am prepared to explore the feasibility of this proposal with Secretary McNamara and, if found militarily feasible, to work out a specific plan for your approval.

Dean Rusk

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Study of Possible Redeployment of  
U.S. Division Now Stationed in Korea

This memorandum sets forth the views of the Departments of State and Defense and of AID on the possible redeployment of one of the two U.S. divisions now stationed in Korea. A time-phased plan for such a redeployment, when and if decided, is at Attachment A.

I. Defense Recommendations.

1. Defense recommends that the redeployment of one U.S. division (12,000 personnel) and 3,000 support personnel from Korea be decided now and effected over the next 18 months.

a. There are several feasible relocation sites for this division. The transfer of one brigade to Fort Lewis, Washington, and the remainder of the division to Alaska is the most readily available solution and it also provides the best opportunity for budgetary and balance of payments savings, estimated respectively at \$8 million and \$22 million annually. Other options include stationing one brigade in the forward Pacific area on Guam or in the Philippines, with the remainder of the division in the U.S. (including Alaska) or in the Hawaiian Islands. In all these options the division would be available for use in the Western Pacific. Attachment C presents in tabular form the financial considerations of the redeployment, showing a broad range of costs and possible savings. Critical items in determining costs are the redeployment location selected, the extent to which equipment is prestocked, whether the Forward Floating

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By ijg, NARA Date 2-15-

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Depot is enlarged for this purpose and the extent to which replacement is made to Korea for the dollar earnings there which the redeployment will terminate. Cost studies and site surveys in the Pacific area should be made, as recommended by the Joint Chiefs of Staff, prior to selecting the redeployment area. Although this would require some delay of announcement of the decision to withdraw, the advantages of announcing the redeployment area at the same time are believed to justify this delay.

b. Defense recommends that some items of heavy equipment (e.g., tanks) for the withdrawn division be prestocked in Korea or in Okinawa, and that consideration be given to adding to the Forward Floating Depot at Subic Bay in the Philippines. In conjunction with one brigade stationed in a forward area of the Pacific, equipment in the Forward Floating Depot for a division less a brigade and less heavy equipment prestocked on land would permit the rapid positioning of a full division wherever needed in the Pacific area. Operation QUICK RELEASE has demonstrated the remarkably good condition of equipment stored in the Forward Floating Depot. The final determination of the items to be prestocked on land and those to be maintained afloat should await further study, as should the location of land prestockage as between Korea and Okinawa.

c. Construction for prestockage of heavy equipment in Korea is estimated to cost \$2 million. If additional prestocking

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(for a division less a brigade) on a Forward Floating Depot is utilized, additional costs are involved: \$22 million for preparation of ships, an annual maintenance cost of \$15 million, including \$5 million of balance of payments expenditures, and the cost of any prestocked equipment which cannot be made available for this purpose from War Reserves.

2. The Defense recommendation has taken into account the recommendation of the Joint Chiefs of Staff that a decision on the possible withdrawal and the manner of accomplishing the withdrawal not be made at this time pending completion of studies under way. Consideration has also been given to the military implications of the withdrawal which the Joint Chiefs have stated as follows:

That the concept of a reduction of forces

is feasible.

That entailed in implementing the above concept are a number of risks which they summarize as follows:

a.

b. The airlift required for rapid redeployment of the forces withdrawn could encounter interference by enemy actions.

c. The withdrawn U.S. division, if redeployed in an emergency and equipped from prepositioned stocks, would risk having its capability reduced by equipment which has deteriorated, become obsolescent, or suffered damage from enemy action.

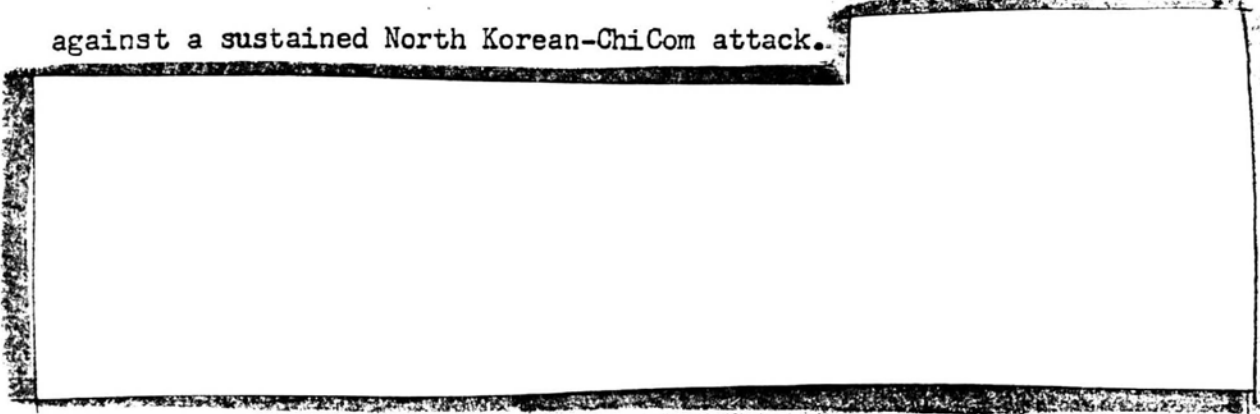
d. The reduced ground strength in Korea could permit shifting of ChiCom forces from Northeast Asia for employment elsewhere.

e. Our Allies could misinterpret the withdrawal as a lessening of U.S. interest and lose a degree of confidence in U.S. support.

f. Other UN members might withdraw their forces and/or liaison officers from Korea, thus diminishing or ending the UN nature of the command.

3. The recommendation of the Secretary of Defense is based on the following factors:

a. The present level of U.S. forces in Korea is in excess of needs to contain a North Korean attack, but is too small for defense against a sustained North Korean-ChiCom attack.



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b. The order of magnitude increase in our tactical air capability within the past several years has greatly increased our ability to interdict enemy lines of supply and to provide close support to ground forces. The deterioration in ChiCom air strength has further helped to improve our position.

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c. The withdrawal of a division from its static commitment in Korea would add this force to the U.S. strategic reserve. The result would be an appreciable improvement of the U.S. defense posture in the Pacific area and elsewhere throughout the world.

d. A brigade deployed forward in the Pacific area, as provided in some options under consideration, would provide a combat force of 4500 men ready to respond rapidly to emergencies anywhere in Asian area.

e. Our strategic airlift capabilities, together with the prepositioning of equipment for a division in a forward area of the Pacific, would enable us to deploy a division rapidly anywhere in the Asian area, including its timely return to Korea if necessary.

f. The approximately 41,000 U.S. troops remaining in Korea, and our ability to deploy augmenting forces, should be convincing evidence of our determination and ability to defend Korea.

g. The withdrawal would not affect U.S. operational control of Republic of Korea forces since about one-fourth of present U.S. strength in Korea would be involved in the withdrawal, and the Koreans will remain heavily dependent upon U.S. support in many forms.

h. The withdrawal is desirable from the over-all military viewpoint. It should not be delayed in anticipation of a time when all other factors will be ideal, since such a time is never likely to come.

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4. To counter possibly adverse reactions of the Republic of Korea, other allies, neutral countries, and the Communists to the redeployment, Defense recommends the following actions:

a. The proposed move should be presented to other governments and to the public for what it is: a remarshalling of U.S. forces which takes into account the realities of the present military situation in Korea and which will improve the over-all capability of the U.S. to respond to aggression in Asia and elsewhere in the world. A program should be undertaken through diplomatic channels, and subsequently in the press, that would stress the following points:

- The ability of the ROK forces to resist North Korean aggression.
- The substantial U.S. forces that would remain in Korea.
- The improvement in U.S. tactical air quickly deployable to Korea.
- The quickness with which the U.S. forces could be deployed to Korea and the measures that are being taken to insure this rapid reaction if needed.
- The stationing of a brigade (4500 men) in a forward area of the Pacific, should this option be selected, would be visible evidence of U.S. ability to respond rapidly to Communist aggression anywhere in the Asian area.

- The repositioning of equipment in a forward floating depot, which would facilitate the rapid deployment of the division to Korea or elsewhere in the Asian area.
- The extensive efforts that the U.S. is undertaking in meeting Communist aggression in Southeast Asia as further evidence of our purpose and will.

b. Large-scale mobility exercises should be conducted periodically to emphasize the validity of our claims to increased mobility and to demonstrate the rapidity with which U.S. forces could be deployed into the area.

c. The Military Assistance Program for Korea should be readjusted to include tanks, artillery and other equipment needed to fill deficiencies in the 18 ROK active army divisions. This equipment is not essential to the capability of these forces to contain a North Korean attack, but it would improve their sustained combat effectiveness. Of equal importance, it would tend to assuage ROK concern about the capabilities of the South Korean forces to combat renewed North Korean aggression. The FY 1965 Military Assistance Program for Korea (\$146 million) contains \$4 million for the types of equipment needed. To add to this amount would mean deferring other high priority items for Korea or taking monies from other programs. Defense believes that the best solution for funding the needed equipment would be a transfer of FY 1964 funds from AID to Defense. If this concept is approved, the details of the transfer, not to exceed \$29 million, could be worked out immediately.

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d. Consideration should be given to replacing the \$15 million foreign exchange which the troops to be withdrawn now provide the Korean economy. Possible measures include:

1. Additional Supporting Assistance
2. Program loans
3. Offshore MAP procurement in Korea
4. Increased U.S. imports from Korea - specifically a higher ceiling could be granted, as requested by the Koreans, on textile products which Korea exports to the U.S.

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## II. State-AID Recommendations.

The Department of State and AID believe that the proposed redeployment would not be in U.S. interest at this time and accordingly that it should not be broached to the Korean Government. They propose to review by December 31, 1964, the advisability of the redeployment. State's objections to the DOD proposal to initiate the redeployment plan now are:

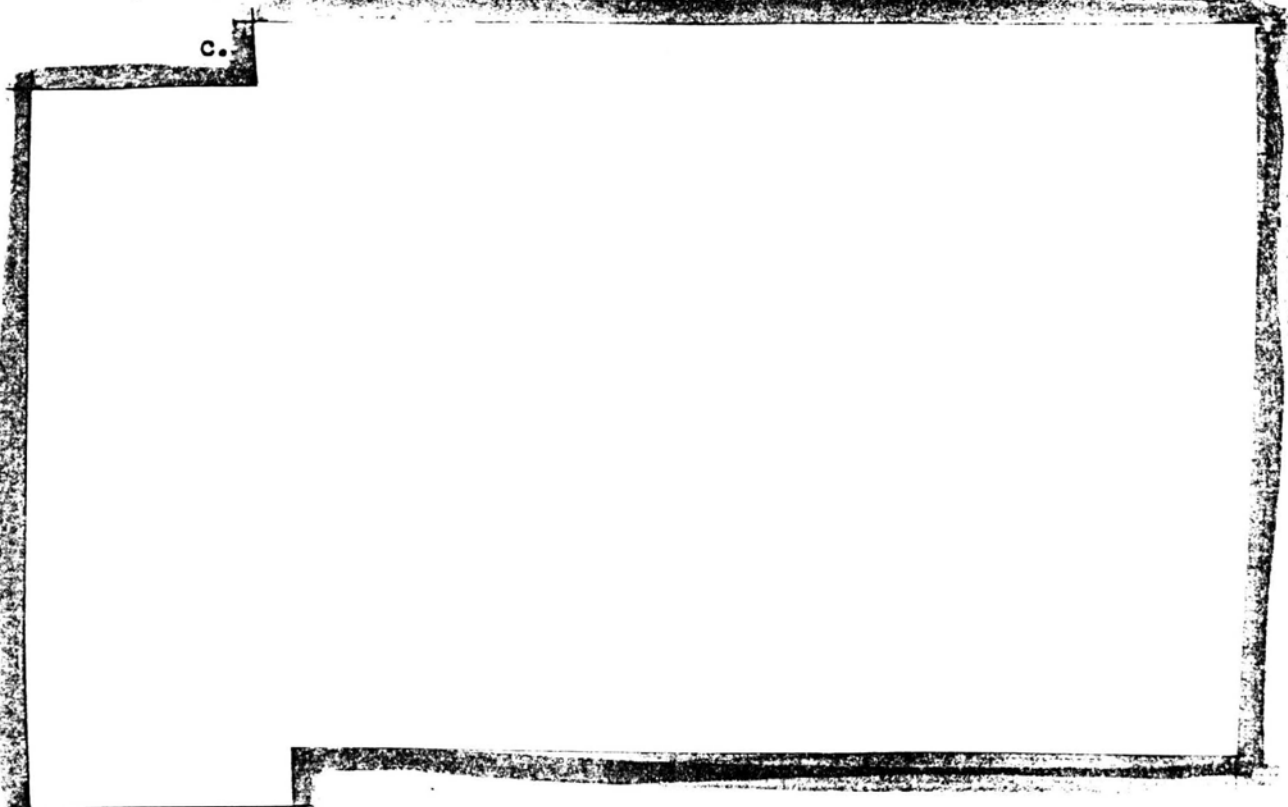
a. The U.S. position in Asia is under heavy strain this year -- in Vietnam, Laos, Indonesia and elsewhere -- and we face intensified international pressures with respect to Communist China and its admission to the UN. Fortunately we have a position of relative strength in Northeast Asia, but withdrawal of a division from Korea at this time, taken in conjunction with other developments in the Far East, would pose real risks to this position, thus adding to the unsettled situation throughout the entire Far East. The stabilizing effect of a brigade moved to another forward Far Eastern area would be outweighed by the unsettling effects of the apparent substantial reduction of U.S. overall troop strength in the Far East. The Administration has been attempting to get the message to Hanoi (which also means Peiping) that any impression that the U.S. will get tired of the Vietnam effort and withdraw is wholly wrong. Withdrawal of a division from Korea would tend to confirm in Hanoi and Peiping any judgment they might have that their policies are succeeding and that we are becoming war weary in Asia.

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b. The memory of the U.S. force pull-out in 1949 is still fresh in Korea, although there is an obvious difference between the current proposal to withdraw one of the two divisions and the complete pull-out in 1949. Sizeable U.S. force reductions now would undermine confidence in our abilities and intentions just as the reorganized civil government addresses itself with apparent determination and new promise to a settlement with Japan, economic stabilization (following the May 3 won devaluation) and, largely through these means, strengthening of its own position and achievement of political stability. Announcement now of the withdrawal of a U.S. division, even if the dollar income loss to the Korean economy were fully compensated, could jeopardize all these important objectives. The plan, understood to be favored by Defense, to place the remaining U.S. division in ready reserve position, taking it off the front line, and to place much of the equipment of the division removed from Korea in a floating depot, instead of prestocking it on the ground in Korea, would magnify the adverse psychological effects there. Even if the Koreans did not challenge continued U.S. control within the UN Command following the withdrawals, the effectiveness of that control would be reduced and U.S. influence exercised through our military presence would be weakened. Possibilities of the Turkish and Thai companies being withdrawn would be significantly increased, leaving only U.S. and Korean forces in the UN Command. This would give

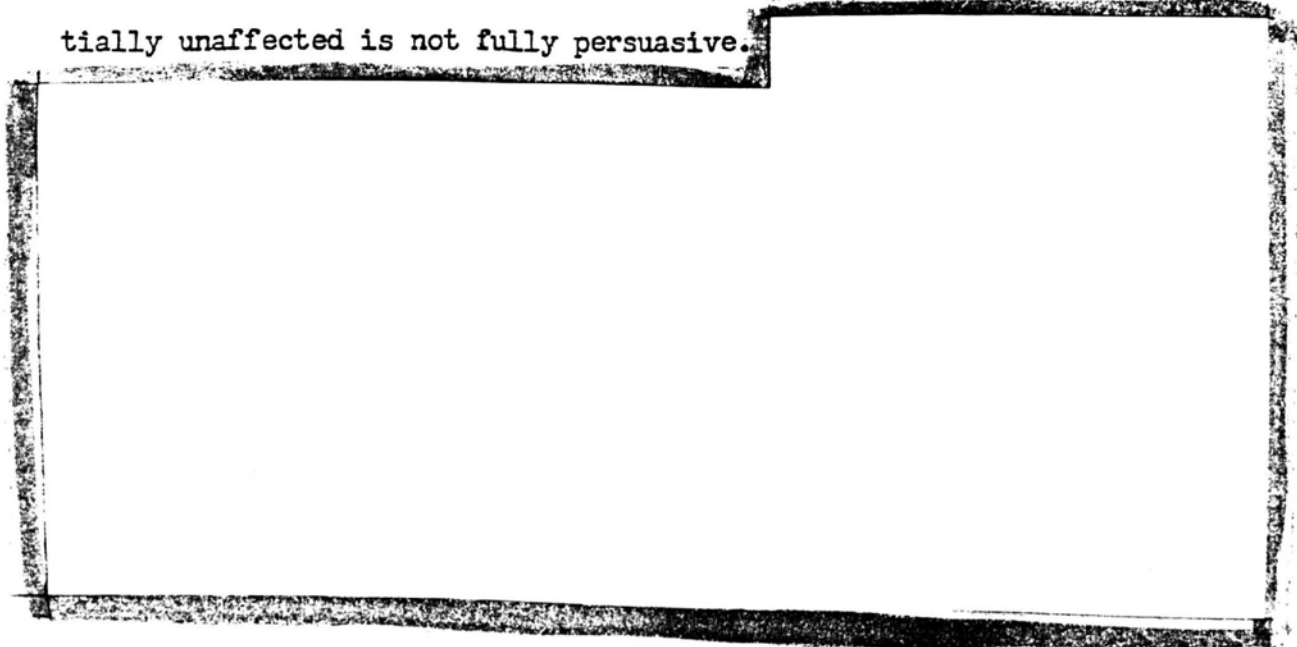
ammunition to the Communists in their efforts to portray the UN Command as a purely U.S. force, and to press for its dissolution.

c.



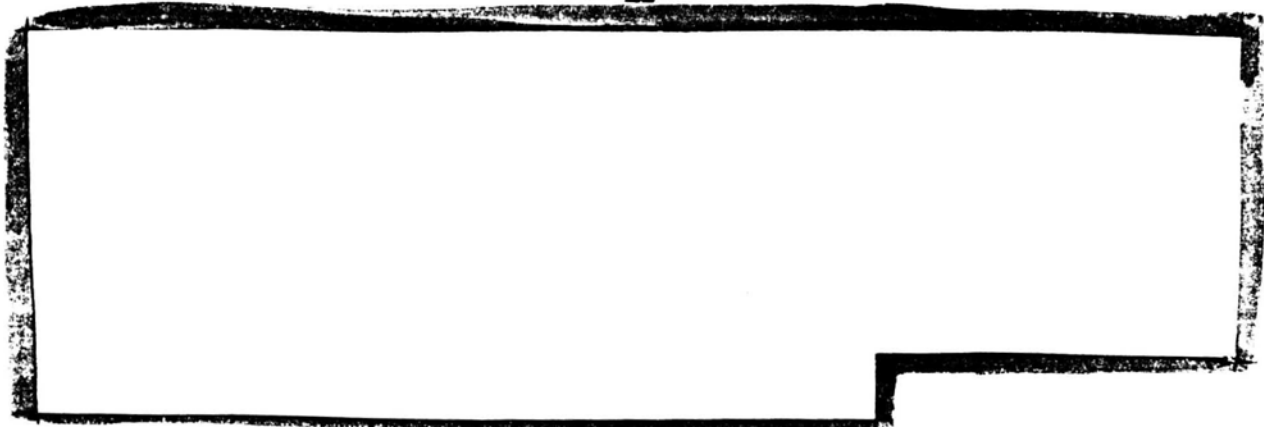
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d. The military case that our posture in Korea would be essentially unaffected is not fully persuasive.



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(a)



e. Coming on top of the recently announced U.S. redeployments from Japan, the withdrawal might weaken Japanese confidence in the U.S. military commitment and posture in Northeast Asia and might fortify neutralist-pacifist sentiment, thus adding to the Japanese Government's difficulties in securing necessary public and Diet support for the limited but gradually growing Japanese defense effort. No decision should be taken to withdraw a division from Korea without prior discussion with the Government of Japan.

f. It appears possible that elements of the division redeployed from Korea to Alaska would be assigned Alaskan responsibilities. In such case those elements might not actually be available for rapid deployment to the Far East. The net effect of the Defense proposal could be to remove from the Far East all or the greater part of the division and to raise serious questions about the availability of these troops for any rapid redeployment.

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g. State and AID do not believe that U.S. forces should be retained overseas for the purpose of supporting the economies of host countries. Nevertheless, the reduction of \$15 million per year in Korean foreign exchange earnings resulting from withdrawal of one division (Defense foreign expenditures, less the amount spent outside Korea) would have to be fully made up by increased U.S. economic assistance or other compensation to the Korean economy. Unless so compensated, this foreign exchange loss would jeopardize the stabilization program, a major U.S. objective in Korea, by necessitating curtailment of essential imports or reduction of Korean foreign exchange reserves already at rock-bottom. Alternatively, it might cause the Korean Government to use Japanese funds provided under a Korea-Japan normalization settlement, if achieved, to meet minimum maintenance of economy requirements -- resulting in charges that the U.S. had forced Korea to solve a U.S.-created problem with Japanese money.

PL 480 is not a feasible offsetting device because its use is already maximized. Korea does not yet qualify under the statutory criteria for program lending. Continued decline in Supporting Assistance is a cardinal point in our relations with both the Koreans and the Congress. Thus, minimum, one-for-one compensation would probably have to be in the form of increased Defense procurement in Korea for U.S. forces remaining there, especially of POL, and reversal of plans to include POL in the MAP transfer program. A more generous plan, seeking to compensate for the psychological impact in Korea of

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the withdrawal, would include the minimum program to compensate for the dollar loss, plus a commitment to provide additional U.S. project loans (if not already promised to facilitate a Japanese settlement), concessions in the volume of permitted Korean textile exports to the U.S., or provision of increased MAP hardware to the Korean forces to replace lost U.S. firepower. (See Attachment B for fuller discussion of the compensation question.)

h. U.S. balance of payments savings from the proposed move will vary with the redeployment option chosen by Defense. It is not likely under any circumstances to be substantial, and with forward redeployment in the Western Pacific may well be negative. Assuming complete redeployment to Alaska/Ft. Lewis and adoption of the Defense prestockage proposals, and excluding the increased U.S. assistance or other compensation that would have to be given to Korea, the reduction in U.S. foreign expenditures once the move has been carried out would be no more than \$17 million annually. Movement of one brigade to the Philippines would reduce this figure to below \$10 million. The real balance of payments saving in both cases -- still excluding the compensation to Korea -- would be less whatever part of these dollars would have been spent in the U.S. either by Korea or third countries. Compensating Korea for its \$15 million foreign exchange loss would further reduce the balance of payments savings depending upon the form compensation takes. It could result in a net outflow if one brigade

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were redeployed in the Philippines. (See Attachment C for more details on the balance of payments effects under the various options.)

i. According to Defense estimates, the initial budgetary cost of the recommended actions, including construction and prestockage, would range from \$92 million to \$370 million depending upon the redeployment option selected. The annual burden on the U.S. budget, without taking into consideration the compensation to Korea, would be increased by from \$7 to \$11 million. Minimum compensation in the form of Defense procurement in Korea, including MAP procurement, to make up the \$15 million foreign exchange loss to Korea would not result in increased budgetary costs, but other forms of compensation suggested by Defense would. None of these figures include any additions for military assistance to Korea; Defense has recommended a \$29 million increment. The budgetary effects of a more generous compensation program cannot be quantified until its composition and magnitude have been decided. (See Attachment C for the budgetary impact of the various options.)

j. Our view, in light of the above, is that the proposed redeployment would not be in U.S. interest at this time, as the risks are disproportionate to the relatively small balance of payments and military gains (if any). However, I do agree that the matter periodically be reviewed, possibly again this coming December.

Attachments:

- Tab A - Time-phased Redeployment Plan
- Tab B - Effects on the Korean Economy
- Tab C - Gold Drain and Budget Estimates

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Attachment A

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E.O. 12356, Sec. 3.4  
NJ 95-13  
By wg, NARA, Date 3-20-95

TIME-PHASED PLAN FOR ACCOMPLISHING REDEPLOYMENT

(With Alternate Schedules Based on June 1, 1964, and December 1, 1964, Decision Dates)

Until the decision is made to withdraw the division, any rumor of such action should be categorically denied, because of the extreme sensitivity of the matter in Korea. There should be no preparatory information activity.

1. Decision by U.S. Government: June 1 or December 1, 1964

Any decision to move a brigade to the Philippines should be discussed with the Philippine Government and its agreement sought, at the same time the ROK Government is consulted.

2. Notification to the ROK Government: June 8 or December 8, 1964

(By Presidential emissary)

Talking Points: 1) Reaffirmation of the Declaration of the Sixteen of July 27, 1953, guaranteeing the Korean Armistice, and U.S. commitments under the U.S.-ROK Mutual Defense Treaty, 2) description of advances in mobility of forces, 3) discussion of the action plan in detail, emphasizing the quickness with which U.S. forces could be returned and the pre-positioning of tanks and other heavy equipment, and 4) compensatory actions (paragraph II g).

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3. Consultation with the Sixteen and Japan: June 10 or December 10, 1964

The other fifteen countries who contributed military forces to the UN Command in the Korean hostilities, with the possible exception of Ethiopia, should be consulted, using the same talking points as with the ROK Government. In the case of Turkey and Thailand, an appeal should be made to maintain their military units in Korea, to preserve the international character of the UN Command. If they prove unwilling, an appeal should be made to others of the Sixteen to supply units in rotation. With Japan, in addition to the talking points used with the ROK Government, steps should be taken to ensure continuance of the UN Status of Forces Agreement, governing the use of Japanese facilities in case of renewed aggression in Korea.

4. Congressional Briefings: latter half of June or December 1964

Defense and State have already briefed Congressional committees in executive session on the possibility of a withdrawal. This additional briefing would cover much the same points as the discussion with the ROK Government, and would include mention of our talks with third governments.

5. White House Announcement: July 1, 1964 or January 1, 1965

Emphasis should be on a reaffirmation of U.S. guarantees of ROK security, and on the strategic rather than the economic purposes of the withdrawal.

5. Begin construction of relocation site:

August 1, 1964 or February 1, 1965

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7. Begin construction on equipment prepositioning facilities:  
August 1, 1964 or February 1, 1965
8. Begin transfer out of KATUSAs from U.S. division to be withdrawn:  
May 1, 1965 or November 1, 1965
9. Conduct mobility exercise in Pacific area:  
August 1 - September 30, 1965
10. Complete delivery of available equipment to relocation site:  
September 30, 1965 or March 31, 1966
11. Begin assignment of personnel new site in lieu of Korea:  
October 1, 1965 or April 1, 1966
12. Complete phase-out of KATUSAs from division being withdrawn:  
October 31, 1965 or April 30, 1966
13. Complete withdrawal:  
November 30, 1965 or May 31, 1966

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Attachment B

Effects on the Korean Economy (State - AID)

Withdrawal of one division from Korea will have several effects:

1. Korean foreign exchange earnings from the UNC will be decreased by approximately \$15 million per year (the DOD estimate of current gold drain, less the amount now spent outside Korea). Even without the troop cut, Korean official earnings from this source fell from \$86 million in 1962 to \$59 million in 1963, and are estimated to be \$45 million in 1964 and \$40 million in 1965; a further cut of \$15 million cannot be sustained by the Koreans without compensation.

Unless compensated by U.S.G. actions, one or more of the following will occur:

- (a) Decrease in Korean imports. With extremely tight programming we expect that 1964 "maintenance of economy" imports will drop from \$297 million in 1963 to \$241 and \$259 in 1964 and 1965, respectively. Further reduction appears both economically and politically undesirable. Moreover, any substantial reduction would violate the jointly agreed Korean stabilization targets.
- (b) Decrease in Korean Foreign Exchange Reserves or Increase in Short-term Credit Outstanding. Reserves are already very low, and the 1964 stabilization program floor of \$100 million

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is virtually rock-bottom. To increase short-term credits and repayments would increase the demand for future aid and would be inconsistent with the 1964 stabilization program which permits no increase of such credits in 1964.

- (c) Use of funds from a Japanese settlement to support current imports. The Korean government might be forced to use Japanese grant funds (assuming a settlement) for maintenance-of-economy imports rather than capital projects, as we have been urging, to make up for the lost earnings from U.S. forces. They could then accuse us of forcing them to solve a U.S.-created problem with Japanese money.

We believe the first two of these alternatives are unacceptable and the third is undesirable.

2. In principle Korean GNP will be reduced by \$15 million per year, or more than one-half of 1%, without counting any multiplier effect. It is doubtful that the Korean economy can effectively absorb much of the released resources into alternative employment. The major effect will be the loss of jobs by 7,000 Koreans employed by the U.S. military in a country already ridden with unemployment; this could have adverse local political consequences in the present area of divisional deployment.

3. The reduction in foreign exchange earnings could have an important immediate psychological effect on Korean performance of the jointly-agreed 1964 stabilization program. The achievement of

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agreement on and performance of this program has been the major U.S. objective for over a year. We have been building painstakingly the morale and position of those Koreans who have supported this program, and 1964 has been billed as the year of decision in testing Korean courage to take hard steps to support it and to lay the foundation for development. Our efforts are meeting with growing success, particularly in the recent ROKG devaluation decision. A decision now to withdraw a U.S. division, even if accompanied by action to compensate for the foreign exchange loss, would cast doubt upon the dependability of U.S. support, and thus weaken the position of those in the Korean government willing to work with us in the stabilization effort. Failure of the Korean government to carry out this effort could lead to aid demands for additional tens of millions to preserve Korea from economic and political chaos.

Delay of any troop withdrawal until the stabilization effort has taken hold would be helpful. With luck and strong Korean action, this could occur before the end of 1964. With sufficient advance notice of the decision, moreover, and with sufficient dollar compensation, at least the adverse psychological effects could be mitigated in the preparation of the 1965 stabilization program.

#### Compensatory Measures

##### 1. Minimum Plan.

Our policy has been to cover Korea's essential foreign exchange gap by grant aid, while limiting the gap under an austere stabilization

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program. This policy is based on the high priority given to the maintenance of South Korea's existence. Unless this policy is altered, the loss of \$15 million in Korean earnings would require replacement on a one-for-one basis. Thus, no "minimum" plan of compensation short of full offset of the \$15 million is appropriate. If the calculations in the present stabilization program are accurate, and we believe they provide a bare bones program, a \$15 million reduction or any substantial reduction in foreign exchange earnings would undermine this absolutely crucial stabilization effort, now well under way. Imports for the maintenance of Korea's economy cannot be reduced significantly from the present targets without going below economically or politically acceptable limits, threatening the stability of the Korean government.

The full offset could theoretically take one or more of several forms:

- (a) Increased Supporting Assistance. This would be the Korean preference and would use the tool currently used in Korea for balance of payments support. Use of additional Supporting Assistance is, however, not acceptable to A.I.D. Against Supporting Assistance increases are the doubtful availability of funds in this category, our commitments to Congress to decrease grant aid to Korea on a reasonably regular basis, and our strategy, now working increasingly well, under

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which we have told the Koreans to expect annual decreases designed to put heat on them to maximize self-help efforts, particularly in stabilization and promotion, would indicate both to Congress and to the Korean government a softening of our position and in Korea would invite other excuses for departure from our announced plan.

- (b) PL 480, Title I. Not appropriate for an offset because of absence of further need for the commodities available and because greater food imports would defeat our efforts to promote development of Korean agriculture.
- (c) Increased DOD Procurement in Korea for Remaining U.S. Forces. Total receipts from U.S. forces contracts from appropriated funds for goods and services have fallen rapidly since 1962, in part in response to gold-drain actions taken by DOD. It appears possible that \$6-8 million in additional business could be given to Koreans from this source, admittedly at the expense of gold drain. This action would have the advantage of increasing Korean employment and

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production, as well as offsetting losses in Korean foreign exchange. Further compensation for Korea could come from DOD procurement in Korea of petroleum for its own use, giving Korea foreign exchange earnings of an additional \$3-4 million annually without adding to the U.S. gold drain.

- (d) MAP Purchase in Korea of ROK Military Petroleum Requirements. The source of petroleum for the Korean military is tentatively scheduled for transfer very shortly from the Middle East to a refinery in Korea, and the financing shifted from MAP to the Korean budget gradually over 30 months. If MAP were to continue to pay for these products and procure in Korea, the net gain to the Korean foreign exchange budget would be almost \$5 million in 1965 and \$9 million in 1966, as compared with the tentative schedule.

Choice between Alternatives. The above alternatives provide ways of offsetting the anticipated \$15 million annual foreign exchange loss. We believe that if the decision is made to pull a division out of Korea, alternatives (c) and (d) provide the best method of offsetting the foreign exchange impact. In combination they are adequate

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to the task; they require only U.S.G. decisions plus relatively minor negotiations with the Koreans and others; and neither commits us to programs that cannot be changed when appropriate without complicated foreign negotiations.

2. More Generous Plan.

The tools to supply a more generous plan include those listed above, plus others which do not deal directly with the loss in Korean foreign exchange earnings:

- (e) Development Loans. A possible commitment to provide a total of \$100 million in development loan funds over two or more years. State/AID are now exploring the feasibility of offering such a commitment to facilitate public acceptance in Korea of a Japanese settlement. If used in this manner, the same horse cannot be sold again. It will also be difficult to find sufficient economically sound projects and programs meeting development loan criteria, particularly if \$50 million per year of Japanese Government funds become available for similar purposes. These could lead to Korean frustration with U.S. inability to fulfill the pledge in a rapid manner.
- (f) Increased Textile Exports to the U.S. Korean

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foreign exchange earnings could be increased by permitting additional textile imports into the U.S. Negotiations on textile restraints with Korea are now blocked with the U.S. offering to permit imports of \$5 million and the Koreans requesting almost \$10 million. Although some textiles not exported to the U.S. may be sold to third countries, relief from the restraint levels now being offered by the U.S. would increase Korean net dollar earnings by perhaps \$3 million annually.

- (g) Increase in MAP Hardware. This could enable the Korean army to increase its firepower to replace lost U.S. firepower.

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NJ 95-13  
By SP, NARA, Date 3/20/95

GOLD DRAIN AND BUDGET ESTIMATES

REFLECTING REDEPLOYMENT AND MINIMUM ONE-FOR-ONE COMPENSATION

(Millions of dollars)

	<u>Redeployment to Ft. Lewis/Alaska</u>	<u>Redeployment of one brigade to the Western Pacific, and the remainder to Hawaii, Alaska, or the continental U.S.</u>
<u>Effect on Annual Gold Budget Expenditures</u> <sup>a/</sup>		
Gross Savings	22	14 to 22
Savings after Prestockage, Including Forward Floating Depot	17	9 to 17 <sup>b/</sup>
Net Savings, assuming compensation of \$15 million in form of aid tied 100% to procurement in the U.S.	17	9 to 17
Net Savings, after prestockage and assuming compensation of \$15 million in form of either adjustment in petroleum MAP transfer or other shifting of Defense procurement to Korea	2 to 12 <sup>c/</sup>	- 6 to 12 <sup>c/</sup>
<u>Effect on Annual U.S. Budget</u>		
Gross Savings	8	4 to 7
Savings after Prestockage, Including Forward Floating Depot	- 7	- 11 to - 8
Net Savings, after prestockage and assuming compensation of \$15 million in form of aid tied 100% to procurement in U.S.	- 22	- 26 to - 23
Net Savings, after prestockage and assuming compensation of \$15 million in form of either adjustment in petroleum MAP transfer or other shifting of Defense procurement to Korea	- 7	- 11 to - 8

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<u>Initial Non-Recurring Budget Costs</u> <sup>d/</sup>	<u>Redeployment to Ft. Lewis/Alaska</u>	<u>Redeployment of one brigade to the Western Pacific, and the remainder to Hawaii, Alaska, or the continental U.S.</u>
Construction	1	62 to 279 <sup>e/</sup>
Prestockage Facilities, both land and sea	24	24
Relocation	10	10
Replacement Prestocked Equipment (if War Reserves are not used)	<u>57</u>	<u>57</u>
	92	153 to 370

<sup>a/</sup> The impact on the U.S. gold budget as shown in this table tends to overstate the real balance-of-payments benefits in at least two respects. It does not reflect the reduction in U.S. exports which might result from a loss of free dollars earned by Japan either directly or via reduced exports to Korea or earned directly by Korea itself. Nor does it take account of the possibility that Korea would use increased tied assistance to make purchases in the U.S. that it would otherwise have made here in any event with its own foreign exchange.

<sup>b/</sup> Includes also \$900,000 drain on balance of payments for dependents in the Western Pacific area.

<sup>c/</sup> Depending upon whether the Defense procurement, including MAP, which is shifted to Korea, was originally of foreign origin (such as POL) or of U.S. origin.

<sup>d/</sup> Excludes \$29 million in increased military assistance for FY 1964 recommended by Defense.

<sup>e/</sup> Includes dependent housing, estimated at \$24 to \$100 million.

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