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CENTRAL INTELLIGENCE AGENCY  
WASHINGTON 25, D. C.  
OFFICE OF THE DIRECTOR

13 April 1962

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Special National Intelligence Estimate Number 42-62,  
"The Outlook for South Korea"

1. I invite your attention to the conclusions of the attached SNIE, "The Outlook for South Korea," and to the footnote to paragraph <sup>25</sup>~~24~~, page <sup>15</sup>~~14~~. All of the military members of the United States Intelligence Board have subscribed to the footnote except the Air Force member, who has his own exception.

2. I consider that the difference of view is one of degree rather than of basic substance. Both parties allot to ROK forces-in-being a share in the overall deterrence to an overt communist attack on South Korea. Where we differ is in the magnitude each of us ascribes to this share. The concern expressed in the final two sentences of the footnote was, I believe, generated by matters beyond the scope of the request to which this SNIE was responsive.

3. As a senior official of your administration, I urge that there be no policy decision which would result in a reduction of the Republic of Korea armed forces.

A handwritten signature in dark ink, appearing to read "John A. McCone".  
John A. McCone  
Director

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-229  
By CB, NARA Date 6-20-00

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2287  
SNIE 42-62  
4 April 1962

*(Taken from Pres.  
reading book 4/21/62)*

SPECIAL  
NATIONAL INTELLIGENCE ESTIMATE

Number 42-62

# The Outlook for South Korea

Submitted by the  
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the  
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf  
4 APRIL 1962

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-229

By cb, NARA Date 6-20-00

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Nº 313



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*The following intelligence organizations participated in the preparation of this estimate:*

The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Army, the Navy, the Air Force, and The Joint Staff.

**Concurring:**

Director of Intelligence and Research, Department of State  
Director, Defense Intelligence Agency  
Assistant Chief of Staff for Intelligence, Department of the Army  
Assistant Chief of Naval Operations (Intelligence), Department of the Navy  
Assistant Chief of Staff, Intelligence, USAF  
Director for Intelligence, Joint Staff  
Director of the National Security Agency

**Abstaining:**

The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, the subject being outside of their jurisdiction.

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## THE OUTLOOK FOR SOUTH KOREA

### THE PROBLEM

To assess the prospects for political and economic stability in South Korea through 1970, with particular reference to the impact of major changes in the level and type of US support and assistance.

### NOTE

The last estimate on Korea was NIE 14.2/42-61, "The Outlook for Korea," dated 7 September 1961. It dealt with the major trends and prospects in South Korea, with particular attention to the impact of North Korea on the south over the next two or three years. That estimate remains substantially valid, in our opinion, and it should be consulted for the background of the present estimate.

The introduction to the present estimate is intended to bring NIE 14.2/42-61 up to date in the briefest possible manner. Parts II through V assess the prospects for South Korea through 1970. Part VI discusses the probable impact of a substantial reduction of South Korean armed force strengths and, concurrently, a substantial increase in the amount of US economic aid. For the purpose of this section it is assumed that US aid during the period FY 1964-1968 would be based upon a phased reduction of about one-third in present Republic of Korea (ROK) armed force strength and, concurrently, an increase in assistance for a comprehensive and balanced economic development program on the order of \$50-\$100 million per year.

### CONCLUSIONS

1. As far as we can see at present, the political situation in South Korea during the period of this estimate will prob-

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ably be characterized by vigorous dissension and factionalism in both military and civilian circles. We believe that the military will continue to dominate the state, even though the government may be ostensibly civilian. Occasional abrupt changes of leadership by coup d'etat may be in prospect. (*Paras. 9-13*)

2. The economic outlook is grim but not hopeless. Assuming a continuance of US aid at approximately present levels and a reasonable degree of political stability, there will probably be some improvement. An increase in the amount of US aid, if effectively used, could speed up the rate of economic growth and in the long run would probably contribute to political and social stability. At best, however, economic advance will be slow. (*Paras. 14-17, 27-29*)

3. The Communist powers will continue their attempts to destroy the independence of South Korea by various forms of political warfare and subversion. The greatest threat to the country lies in the possibility that political dissension, economic stagnation, and social unrest will render it increasingly vulnerable to this Communist effort. (*Paras. 21-23*)

4. As long as the Communist powers believe that the US will defend South Korea, they will almost certainly not launch an overt military invasion.<sup>1</sup> Accordingly, a reduction of strength of the South Korean armed forces, by anything up to about one-third of present numbers, would probably not in itself increase the likelihood of invasion from the north. It would, however, produce considerable political unrest within the country, which would possibly be great enough to endanger any government initiating the measure.<sup>2</sup> (*Paras. 24-26, 30-33*)

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<sup>1</sup> The Assistant Chief of Staff, Intelligence, USAF, would state this sentence as follows: As long as the Communist powers believe that the US will defend South Korea with the kind and degree of force necessary quickly to defeat any invasion, they will almost certainly not launch an overt military invasion.

<sup>2</sup> For the positions of The Director, Defense Intelligence Agency; the Assistant Chief of Staff for Intelligence, Department of the Army; and the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; see the footnote to paragraph 25.

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## DISCUSSION

### I. INTRODUCTION

5. The military junta under General Pak Chong-hui is in a stronger position now than at any time in its career. Factionalism within its own ranks and among the military in general continues to be a major problem, but tensions have been kept under control and indeed have diminished during recent months. Cooperation is good between General Pak and Colonel Kim Chong-pil, head of the ROK Central Intelligence Agency, and the existence of the Agency, even though it arouses public apprehension, is probably the most important deterrent to any violent overthrow of the regime. In general, the present leadership shows itself to be well-intentioned as well as fairly competent and honest, though it lacks experience in political and economic matters and has antagonized important elements of the population by harsh and authoritarian measures.

6. Economic conditions have substantially improved since the sharp contraction of business activity following the May 1961 coup. Gross National Product (GNP) in 1961 was 2.8 percent higher than in 1960. Signs of recovery were evident in important parts of the industrial sector, particularly in power, mining, and chemical production. Through most of the year price rises were remarkably well restrained. As the junta eased some of its rigorous early measures, the business community became less apprehensive and appears now to be awaiting further developments before committing itself to full participation in the regime's economic program. The junta, indeed, is aware of the economic problems which face South Korea, and it has acted promptly and vigorously to deal with immediate difficulties.

7. None of this means, however, that South Korea's basic economic problems are on the way to solution. Scarcity of natural resources, deficiencies in technical and managerial skills, and overpopulation impose severe limitations. The rise in GNP during 1961 was mainly attributable to favorable weather conditions, which increased agricultural output. For the second successive year, moreover, there was no per capita gain. Unemployment and underemployment are prevalent. Inflation remains a substantial threat.

8. The regime has not gained widespread popular support. General Pak personally remains a remote figure and none of the other junta leaders has established an appealing public image. Most South Koreans agree with the junta's stated aims, particularly the elimination of corruption, the regeneration of Korean society, anticommunism, and economic growth, but they see little evidence of progress toward these objectives. The enthusiasm which greeted the revolution of April 1960 has evaporated, and the general public attitude seems to be one of passive acceptance of the existing situation. Farmers feel some gratitude for government efforts to help them, but they retain their traditional distrust of all central authority. Civilian politicians are unenthusiastic and have recently been shaken by the promulgation of a law which could be used to bar them from political activity for up to six years; President Yun has resigned in protest against this law. Students and intellectuals are in large part hostile, alienated by drastic repression in the early postcoup period and continuing restraints on their activities.

### II. POLITICAL PROSPECTS

9. The Pak junta has promised to restore civilian government and has announced a

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timetable calling for resumption of political activity at the beginning of 1963, promulgation of a new constitution before March, and general elections in May. There seems to be a strong public desire for such a transition; indeed, popular acceptance of the present regime appears to have been obtained on the understanding that military rule is to be temporary. Any action to postpone the return to civilian government would provoke serious unrest within the country, and it appears to us that the junta will have to make at least a plausible pretence of fulfilling its promise.

10. This undertaking to return the country to civilian rule may prove to be one of the most important causes of friction within the military leadership. As the time to fulfill the promise approaches, disagreements over election tactics and political alliances will probably become acute within the junta. If the group splits over the issue, a coup or coup effort by one of the major military factions is probable.

11. Moreover, the occurrence of diplomatic, economic, and political setbacks will increase the likelihood of serious dissension within the ranks of the junta and will encourage rival elements seeking power. Even if the junta were to be spared failures, the personal characteristics and ambitions of its members would almost certainly lead, in time, to political conflict within the group and probably to coup plotting. The makeup of the junta will probably change from time to time as the fortunes of individuals or groups rise and fall. Moreover, other military elements with political and economic aspirations will probably appear, in time, to challenge the monopoly of power now held by the Pak group. The junta is wary of plots, however, and well protected by its internal security apparatus. We believe that the threat which other military elements could pose would probably be serious only in certain contingencies, such as: (a) the assassination of Pak Chong-hui followed by assumption of leadership by more radical

elements; (b) a prolonged power struggle within the junta; (c) undue prolongation of military rule with consequent extreme public dissatisfaction; or (d) pronounced economic setbacks.

12. Even in the short run, therefore, the political outlook is uncertain, and for the longer period it cannot be very favorable. The basic institutions of government are not firmly established either in law or in tradition; such stability as they had begun to achieve has been undermined by the sweeping changes of the past two years. Clearly the military leadership is planning to dominate whatever new government emerges or, at a minimum, to maintain a watchdog role from positions of strength within the armed forces. Some officers expect to participate in the new government, and it appears that Pak himself (who is now Acting President) may be a presidential candidate; he has indicated a preference for a presidential system with a strong executive and a single legislative chamber.

13. If a new civilian government is formed on the basis of elections, and if it proves unsatisfactory to the junta, another military takeover is almost certain. In fact, there is very little chance that any government made up of civilian politicians would survive long if it proved unsatisfactory to the South Korean military, now that the psychological barrier to military intervention in state affairs has been broken. Thus, we believe that the most probable long-term outlook is for continued dominance of the state by military elements even though the government may be ostensibly civilian. If the military were genuinely united behind the present leadership we could feel fairly sure that their control would be prolonged and that it might be effective in meeting South Korea's problems. As far as we can see, however, vigorous factionalism is likely to plague both military and civilian elements on the political scene for a long time to come, and further abrupt changes of leadership by coup d'etat may be in prospect.

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### III. THE ECONOMIC OUTLOOK

14. The military junta has recently set forth its long-range economic goals in a draft five-year economic development plan for the period 1962 through 1966. The principal plan goals are: (a) an average annual economic growth of 7.1 percent, compared with 4.7 percent during 1953-1960; (b) an increase in employment from 7.9 million in 1960 to 10.1 million in 1966, which would lower the unemployment rate from 27 to 11 percent; (c) a near doubling in the rate of fixed capital formation; and (d) expansion in exports of goods and services from \$117 million in 1960 to \$291 million in 1966. Investment is to be concentrated on the expansion of electric power, coal, and agricultural production, on construction of roads, flood control and irrigation facilities, and on the development of such import-replacing industries as cement, fertilizer, and synthetic fiber.

15. This plan is almost certainly overoptimistic and it lacks concrete provisions for implementation. However, it does provide a sense of direction and a set of operational priorities for developmental efforts. It is the first significant effort by a South Korean government to plan seriously for the longer economic future, and the effort alone marks a favorable development in the preoccupations of ROK leaders. The choice of primary sectors for investment is sound though many of the targets are unlikely to be attained.

16. The key to even partial fulfillment of the plan is the amount of foreign assistance which will be available. Up to the present, both the level of foreign aid from governments other than the US and the amount of foreign private investment flowing to South Korea have been extremely low because of the country's political instability and poor economic outlook. At present there are prospects of investment from sources in West Germany and Italy. More important would be the consequences of a settlement with Japan, which

would not only facilitate increased trade and Japanese investment in South Korea, but would probably include financial assistance from the Japanese Government through payment of some of the Korean claims together with grants or long-term loans. We believe there is an even chance that such a South Korean agreement with Japan will be achieved within the next year or two.

17. All prospects for economic improvement, however, depend on various contingencies of which the most important are the level and nature of US aid and the effectiveness of the ROK Government. The limitations imposed by scarcity of natural resources and overabundance of population are grave, but they do not make the situation inherently hopeless. We think that if the contingencies just mentioned are not unfavorable, the South Korean GNP will almost certainly increase substantially faster than the population, though not as fast as is called for in the junta's five-year plan. It seems to us probable, though by no means certain, that the economic situation in general will not be bad enough to cause significant popular unrest. On the other hand, it is extremely unlikely to be good enough to contribute markedly to political stability, and certainly it will not, in the period of this estimate, improve so far that it ceases to require substantial foreign assistance.

### IV. ROK-US RELATIONS

18. With the assumption of power by the junta, South Korea's relations with the US entered a new phase. After an initial period of suspicion and mistrust, the leadership now emphasizes the closeness of its ties with the US. Nevertheless, it is intent upon exercising full control of Korean affairs. There is an element of ultranationalism and Korean xenophobia underlying this attitude, especially among the younger junta members. Moreover, to enhance its prestige at home and

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abroad, the regime seeks to demonstrate that it is no mere puppet of the Americans.

19. As a result of these conflicting pressures, the junta's responsiveness to US guidance has varied considerably. Occasionally it has adjusted its position, at least partially in response to US influence. On the other hand, it has carried forward its political purge trials and, more recently, has chosen to push for a status-of-forces agreement despite clear indications that both courses will create US-ROK friction. The early actions of the military junta upset relations with the UN Command in South Korea and compromised CINCUNC's operational authority. The junta has since accepted the principle of the subordination of the South Korean armed forces to the UN Command, but its willingness fully to implement agreements on the command structure cannot yet be taken for granted. For example, the recent trial and conviction of Major General Kim Ung-su, who was first charged with having acted in accordance with UNC orders, definitely impaired the principle of CINCUNC operational control and put ROK commanders on notice concerning the possible consequences of obeying CINCUNC in situations related to domestic politics.

20. The junta probably intends to exercise a large degree of independence in its command of South Korean forces, particularly in peacetime. This desire for greater autonomy in military matters may take several forms, including requests for renegotiation of basic operational agreements with CINCUNC, attempts to have a ROK General appointed Deputy CINCUNC, or a reorganization of the ROK Army command structure with a reduction in the number of troops subject to UNC operational control. We do not think it likely that there will be a complete withdrawal of ROK forces from the UN Command, but there is almost certain to be a further erosion of CINCUNC's authority over the ROK forces.

## V. THE EXTERNAL THREAT TO SOUTH KOREA

21. North Korea will continue to pursue the goal of reunification of the country under Communist control and this objective will be supported, as in the past, by both the USSR and Communist China. Nevertheless, as long as the Communist powers believe that the US will defend South Korea, overt military invasion will be highly unlikely. At present the Communists almost certainly estimate that the US would defend Korea with whatever force was necessary, and might not hesitate, this time, to carry the conflict to Communist China itself.

22. It is by political, psychological, and subversive means that the external threat to South Korea will be operative during the period of this estimate, and the magnitude of the threat will depend primarily on the situation within South Korea itself. There is a natural and strong desire among South Koreans for reunification of the country. This desire is now largely offset by the wartime legacy of hostility to Communists, but it will gain force if North Korea continues in the future, as it has in the past, to outstrip the south in economic development, or if corruption and maladministration should be resumed in South Korea to such an extent as to cause large elements of the population to become seriously disaffected. The North Koreans, for their part, have made a series of reunification gestures including comprehensive proposals for economic exchanges which appeared highly beneficial to the south. They have also called for the renewal of cultural relations and postal exchanges, and under conditions substantially free of restraint in early 1961, this call met with a highly favorable response among student elements and socialist groups in the south.

23. As for subversion and infiltration, the North Koreans have thus far made little progress with such methods in South Korea. Any substantial deterioration of the political, so-

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cial, and military situation would open the way for greater success, however, and the Communists would take advantage of such deterioration to step up their efforts. They probably believe that the South Korean situation will eventually be favorable for these activities, and perhaps for guerrilla operations as well. More recently the North Koreans have de-emphasized the theme of peaceful reunification, but we expect them to play upon it again in their propaganda and political action, and to make some headway with it, as the passage of time dulls the South Koreans' memories of Communist excesses.

#### VI. CONSEQUENCES OF A MAJOR CHANGE IN US AID POLICY<sup>3</sup>

24. The South Korean military establishment is not only the fifth largest in the world,<sup>4</sup> it is also the most competent and powerful organization in the state and its influence within the country is pervasive in economic and political as well as security matters. A sizable proportion of the male population receives some measure of technical training and political indoctrination in the armed forces, while many of the ablest men in South Korea are in the officer corps. The people at large appear to respect their armed forces, despite the earlier record of political and financial corruption among senior officers. Thus

<sup>3</sup> See NOTE at beginning of the estimate.

<sup>4</sup> NOTE: The only important change in North Korean or South Korean military strengths since the publication of NIE 14.2/42-61, "The Outlook for Korea," dated 7 September 1961, is in the air forces. South Korea activated an additional squadron of 18 F86D fighters in November 1961. A re-evaluation of intelligence concerning the North Korean Air Force indicated that their FRESCO D (limited all-weather) inventory is greater by approximately 15 aircraft, that 10 additional FARMERS have probably been added, and that there are now approximately 80 rather than 50 BEAGLES. Thus, the North Korean Air Force has further improved its already substantial capability for launching a surprise attack on South Korea and UN military and logistics installations.

any substantial reduction of personnel strength would have profound repercussions, extending well beyond purely military considerations.

25. South Korean armed forces play a part in deterring the Communist powers from overt military invasion of South Korea, and they certainly contribute substantially to a feeling of national security among South Koreans. The chief deterrent to invasion, however, is not these forces but the general US commitment to defend its ally. It is possible that the circumstances of the force reduction would be such as to persuade the Communists that this commitment had become less firm, but the US could take steps to prevent this interpretation. Therefore, we do not believe that the assumed reduction in South Korean military strength would appreciably increase the likelihood of invasion. It would, of course, reduce the capabilities of the South Koreans to resist such invasion if it did occur, and would throw a correspondingly greater burden on US forces.<sup>5</sup> Reduction of capabilities could be partly offset, however, by a further modernization of the reduced South Korean forces—a process which would be expensive. We believe that the capabilities of South Korean forces to maintain internal security would still be adequate after the reduction, but if internal upheaval were widespread the frontier might be undermanned while the army

<sup>5</sup> The Assistant Chief of Staff, Intelligence, USAF, would state the fourth and fifth sentences as follows: Therefore, we do not believe that the assumed reduction in South Korean military strength would appreciably increase the likelihood of invasion, unless the Communists had some reason to believe that the US would not respond with the kind and degree of force necessary quickly to defeat the aggression. Nevertheless, the assumed reduction would, of course, lessen the capabilities of the South Koreans to resist such invasion if it did occur, and would throw a correspondingly greater burden on US forces.

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was dealing with disturbances in the rest of the country.<sup>6</sup>

26. The reduction in force strength would greatly upset various important vested interests. Military officers would react against what they would regard as a mutilation of the forces in which they have made their careers, and against the personal prospects of unemployment and hardship in a country where other opportunities are limited. An important segment of the business community, which profits both honestly and dis-

<sup>6</sup> The Director, Defense Intelligence Agency; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy, believe that the chief deterrent to Communist military and paramilitary action against South Korea is a combination of the Communist belief that the US will defend South Korea, present US-ROK military capability in South Korea and the additional military strength which the US can immediately bring to bear in that area. The South Korean forces must be considered as part of the strategic posture of the US and its allies, and implications of the proposed reduction in these forces cannot be assessed in isolation from this strategic concept. The proposed reduction would reduce the capabilities of the South Koreans to resist invasion by the North Koreans, supported by the Chinese Communists and the Soviets, and would thus throw a greater burden on US forces to defend installations and weapons now placed in South Korea for strategic employment. Moreover, this proposed reduction would jeopardize the capabilities of South Korean forces to contain an attack for a time sufficient for US forces to be deployed in reinforcement, particularly if US forces were committed or engaged in other areas. In effect, the proposed reduction would not only lower the threshold of extensive US participation with conventional forces in reinforcement, but also could lower the threshold at which nuclear weapons would have to be employed. These implications undoubtedly would be apparent to the Communists. In addition, the reduction would diminish the confidence of our allies in the commitment of the US in the Far East, would increase the vulnerability of Japan to Communist influence, and would further reduce the psychological advantage of UN sponsorship of military forces in South Korea. The net result of the proposed reduction would be a dilution of the present deterrent to Communist action in the Far East.

honestly from the supply of goods and services to the armed forces, would have to make commercial adjustments. Conservative elements would be alarmed and segments of the press would amplify their objections. Among the general public, there would probably be considerable apprehension that the military reductions were a prelude to the withdrawal of US protection. However, if concurrent increases in economic assistance demonstrated a continuing US commitment in Korea, the reductions would be approved by most socialist and intellectual groups, and probably would be acceptable to significant conservative political elements.

27. From an economic point of view, the effects of the reduction would be mixed. They should include a decrease of South Korean military expenditures, which now amounts to about 30 percent of the government budget. Insofar as the hwan saved from military use were applied to economic development, the effect would be beneficial, particularly since local currency for developmental projects is scarce. On the other hand, cuts in the armed forces would tend to aggravate the existing unemployment problem and the social unrest arising therefrom unless counteracting steps were taken.

28. As for the increase in economic aid, it could, of course, lead to a higher rate of investment and hence to accelerated economic growth. For most of the time since the Korean War, US economic aid has been used to a large degree for alleviation of budgetary difficulties, importation of consumers' goods, and other stop-gap measures contributing little to long-term economic advance. It may be that the present government, and those which follow, will cooperate with the US in more fruitful programs; certainly there is an increasing public recognition of the need for a sustained development effort. If this should occur, it is probable that increased US backing for economic development plans would encourage the flow of private Korean funds

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into investment, and perhaps also produce a greater readiness in other foreign countries to help underwrite economic development. All this would depend, of course, upon the maintenance of reasonable political stability within the country.

29. The beneficial effects of long-range programs are, of course, slow to be felt by the general public, and it is far from certain that the South Koreans will be content to wait. Certainly it cannot be asserted that increased economic aid for long-range development would guarantee social and political stability in the years immediately ahead.

30. The junta would be somewhat torn between different views of the scheme as a whole. It would almost certainly oppose the military reductions, in part because its members are military men themselves with a clear interest in maintaining large armed forces and a professional concern with the country's military security. A major reason for the junta's objection, however, would be the domestic political problems that the proposed reduction would bring on. The political situation is already precarious in South Korea, and the junta so assailed by factions and disputes that it would have no desire to add this divisive issue to its troubles. We would expect it to argue most vigorously against the military reductions. It could, if it wished, effectively resist the proposal, e.g., by allocating a larger proportion of the national budget to military purposes, or by simply refusing to cooperate.

31. On the other hand, the junta is well aware of the crucial importance of economic

development for its own fortunes and those of the country as a whole. Its leaders realize that the success of their revolution is to a major degree conditioned upon their ability to develop the sense as well as the substance of economic progress and hope for the future. If they were persuaded that only through the suggested scheme could US economic aid be increased, their willingness to undertake force reductions would be significantly increased.

32. Thus, if the arguments for a redirection of US aid were forcefully presented and strongly maintained, Chairman Pak and his associates would probably conclude that the difficulties and risks of the force reductions would have to be accepted. They would insist upon US assistance in dealing with the internal political and economic difficulties which the force reduction would cause, particularly emphasizing US actions which would carry assurance that the defense and security of South Korea were not being jeopardized. They would also be alert to any evidence of US indecision which might enable them to secure additional economic aid while deferring troop reductions.

33. The South Korean Government could not carry out substantial troop reductions without trouble and difficulty. It is possible that military elements outside the government would find the measure intolerable, and would attempt a coup. It is certain, as we have noted above, that the reduction would be attended with some degree of political turmoil and short-term economic maladjustment. However, if the government got through the initial phases of the measure, these difficulties would substantially lessen.

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SNIE 42-2-62  
7 September 1962  
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SPECIAL  
NATIONAL INTELLIGENCE ESTIMATE  
NUMBER 42-2-62

# Short-Term Outlook for South Korea

*Submitted by the*  
DIRECTOR OF CENTRAL INTELLIGENCE  
*Concurred in by the*  
UNITED STATES INTELLIGENCE BOARD  
*As indicated overleaf*  
7 SEPTEMBER 1962

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NLJ 97-229  
By Cb, NARA Date 6-20-00

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*The following intelligence organizations participated in the preparation of this estimate:*

The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Army, the Navy, and the Air Force.

**Concurring:**

Director of Intelligence and Research, Department of State  
Director, Defense Intelligence Agency  
Assistant Chief of Staff for Intelligence, Department of the Army  
Assistant Chief of Naval Operations (Intelligence), Department of the Navy  
Assistant Chief of Staff, Intelligence, USAF  
Director for Intelligence, Joint Staff  
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SPECIAL  
NATIONAL INTELLIGENCE ESTIMATE  
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# Short-Term Outlook for South Korea

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## SHORT-TERM OUTLOOK FOR SOUTH KOREA

### THE PROBLEM

To assess the political situation in South Korea and to estimate probable developments over the next few months.

### CONCLUSIONS

A. The recent outbreak of factional strife within the military junta which rules South Korea has been caused largely by controversy over the expanding role of Colonel Kim Chong-p'il and the ROK Central Intelligence Agency (CIA). Quarreling between the senior officers and the Eighth Class group of field grade officers led by Kim will continue, but it now seems likely that the two factions will seek to avoid a showdown. We believe that the junta, with General Pak Chong-hui as the key figure, will remain in power until the elections scheduled for 1963, and will exercise a large degree of control over the new civilian government. (*Paras. 1-5, 9-12*)

B. The junta currently has little popular support. Blatantly rigged elections or further economic deterioration could cause riots and demonstrations. While the regime can suppress local outbursts, massive public demonstrations could trigger coup attempts by disgruntled military leaders, perhaps acting in concert with presently disbarred political elements. The outcome of such attempts cannot be estimated, but the government which emerged from such a situation would almost certainly require a large degree of backing from the ROK military. (*Paras. 6-8, 11*)

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C. ROK-US relations will continue to be difficult over the next few months. There will probably be some attempts to improve liaison with US officials in economic matters, although the CIA will continue its largely uncontrolled economic activities. In political matters, it is doubtful that either Pak or Kim will accept US suggestions which might impose limitations on their actions. Despite strong US pressures, it is doubtful that the issue of ROK-Japanese relations will soon be resolved. Only on the military plane will ROK-US relations remain reasonably open and friendly. (*Paras. 13-17*)

D. Factional strife within the junta, increased public apathy and even hostility toward the regime, and strained relations with the US have increased the danger of Communist subversive activities. Appeals to Korean nationalism and for peaceful unification may prove more effective than in the past. During the next few months, a real Communist threat to the regime is unlikely to develop, but if the political erosion, which has already commenced, is not halted and if economic stagnation persists, the problem of countering Communist subversion will become far more serious. (*Paras. 18-20*)

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## DISCUSSION

### I. POSITION OF THE REGIME

1. The military junta that seized control of South Korea in May 1961 was an uneasy coalition of senior army and marine officers, and field grade army officers most of whom were members of the "Eighth Class" of officer candidates, commissioned in 1949. The senior officers were divided into several factions; most important were the Hamgyong and Pyongan groups, neither of which had dynamic leadership or a very coherent program. The "young colonels," on the other hand, comprised a relatively cohesive group led by Colonel Kim Chong-p'il, a man of extraordinary energy and ability, and generally favored authoritarian measures and stern national discipline to solve South Korea's problems. General Pak Chong-hui, the coup leader, belonged to no faction, but was respected for his personal qualities and was acceptable to all. In July 1961, he emerged as Chairman of the junta's governing body, the Supreme Council for National Reconstruction (SCNR). Since that time, Pak has sought to preserve the unity of the junta through arbitration of differences and a judicious distribution of offices among the several elements.

2. Until a few months ago, Pak's tactics were effective in controlling tensions within the junta and preventing a direct confrontation between its various factions. Nevertheless, behind the scenes, Kim Chong-p'il and the junior officers steadily increased their relative power and influence. Kim is married to the niece of Chairman Pak and has for several years been his principal confidant and adviser. Appointed Director of the ROK CIA after the coup, Kim was given extensive power in both the government and the armed services. He reinforced his position during the winter of 1961-1962 by placing supporters in

key administrative and military posts and forming covert alliances with certain financial interests. Opposition in the SCNR to the expanding role of Kim and the CIA resulted in a serious outbreak of factional strife, which lasted from May until mid-July 1962. Kim has emerged from the struggle relatively stronger. Such highly-placed opponents as First ROK Army commander Lt. General Pak Im-hang, Prime Minister Song Yo-chan, and ROK Army CIC Chief, Brigadier General Kim Chae-ch'un, have been forced out of their key posts along with lesser SCNR members, ministry officials, and army officers. The weakened senior officers within the junta probably no longer constitute an effective counterweight to Kim and the Eighth Class colonels.

3. Kim's high position in the regime has been achieved through his control of the CIA and, reciprocally, the power of the CIA has been extended with the growth of Kim's influence. The CIA was originally charged only with antisubversion and intelligence responsibilities, but it is now so deeply involved in the planning and execution of regime policies that the SCNR has almost been displaced as the chief instrument of the revolutionary junta. The CIA has also intervened in the economic life of the country, both directly and through cooperating businessmen and front organizations. Its involvement this spring in manipulation of the Seoul stock market, and its initiation of the drastic currency conversion and blocking regulations of June are only the most spectacular examples of its economic activities. It has also imported Japanese taxis and TV sets, contracted for an auto assembly plant, constructed a recreation project, and participated in collusive bidding on US military contracts. In the political sphere and in anticipation of the 1963 changeover to a

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civilian government, the CIA has been taking the leading role in plans for revising the ROK constitution. It has also assumed responsibility for securing the presidency for Chairman Pak and the election of appropriate candidates to the national assembly.

4. Chairman Pak is probably not entirely happy about the growth of Kim's influence or the expanding role of the CIA. The upsetting of the power balance within the junta has necessarily diminished Pak's own role as the arbiter of factional disputes. Perhaps of greater importance to Pak, the CIA involvement in the stock market scandal and other business corruption has seriously damaged his cherished image of the junta as a reform movement. Tensions between the two men reached a climax when an SCNR investigating committee privately confirmed Kim's participation in the stock market scandal. Immediately thereafter, on 27 June, Pak ordered Kim's removal as CIA Director. However, the ouster proved abortive; within a matter of hours, Pak rescinded his decision, perhaps in response to arguments by a delegation of Eighth Class colonels. Subsequently, the leading contender for Kim's post, ROK Army CIC Chief Kim Chae-ch'un, lost his command, thereby eliminating Kim Chong-p'il's principal rival in the internal security field and a longstanding opponent of CIA interference in the army.

5. In abandoning his attempt to remove Kim, Pak was probably motivated by several considerations other than his family and personal relationship. Upon reflection, Pak must have realized that the menacingly powerful CIA could prove more dangerous to his position under new leadership than under that of a confederate with strong personal ties. Moreover, a diminution in Kim's power would increase the influence of the Hamgyong faction members and Pak probably doubts both their revolutionary zeal and their effectiveness. Pak is also aware of the regime's heavy

dependence upon the CIA for protection against the political conspiracies endemic to South Korea and equally appreciative of Kim's proven ability in this field. He is cognizant too of the meager public support that the junta has engendered during its 15-month tenure and of his almost complete reliance upon Kim to arrange his accession to the presidency, should he choose to run, and the election of an acceptable legislature. Finally, it is possible that Kim's reported threats of counteraction moved Pak to consider how the regime would be shaken by an open clash between the senior officers and the Eighth Class colonels. In any case, Pak's decision to retain Kim has made him more dependent upon Kim than ever before.

## II. PUBLIC ATTITUDES

6. The May 1961 military coup received some welcome from many Koreans who had grown impatient with the apparent inability of the politicians in Seoul to forego the game of politics and graft and settle down to work on the country's urgent economic and social problems. The people had been disappointed by the failure of Chang Myon's parliamentary democracy to remedy the wrongs of the Rhee regime. The Pak junta, despite its lack of appealing personalities and the authoritarian ideals of its leaders, initially struck a responsive chord with its call for the elimination of corruption, the regeneration of Korean society, and the fostering of economic growth. The apparently monolithic character of the new regime behind strongman Pak also had considerable appeal for those disgusted with the ceaseless factional infighting of the Chang era.

7. As the repressive nature of the regime became evident, its standing among students and intellectuals quickly dropped; nevertheless, until a few months ago, the bulk of the population accorded it at least passive acceptance. The government as a whole had shown

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itself to be well-intentioned and fairly honest, even though lacking in political and economic know-how. However, recent events promise to destroy even this meager degree of support, particularly as news spreads of massive high-level corruption. The harsh and restrictive Political Purification Law of March 1962 blacklisted for six years most of the former politicians, including almost all those with substantial experience and high qualifications. The stock market scandal, the increasing CIA involvement in the economy, and the chaos caused by the June currency regulations cast grave doubt upon the regime's honesty as well as its economic competence. The business community was also alienated by the evident hostility of powerful junta elements to private enterprise. In early June, the government tacitly encouraged student demonstrations as a means of forcing the US to negotiate a status-of-forces agreement, but these quickly took on an antiregime cast. Urban workers are apparently dissatisfied with the junta's failure to improve wages and working conditions, and reduce unemployment. Farmers apparently remain grateful for regime efforts in their behalf, particularly for prompt and adequate distribution of fertilizer this spring, but instances of corruption and favoritism on local levels have caused some damage to their confidence in the military leadership.

8. The Pak junta is strongly committed to turning over control to an elected civilian government in 1963. Current plans call for resumption of "normal" political activity early in the year, elections during the spring, and inauguration of the new government in August. The military regime is now in the somewhat paradoxical position of exposing its leaders and their program, both shown ineffective in solving basic political and economic issues, to the uncertainties of the democratic process. It is seeking to eliminate these uncertainties by every means at its command, including severely restrictive laws,

press controls and propaganda, organization, bribery, and intimidation. The current trial of diverse politicians, including former Prime Minister Chang Myon, for alleged coup plotting is only the most recent indication of the junta's intention to eliminate potential political opposition. Such activities are already well advanced and there is a general expectation among South Koreans that the junta will somehow perpetuate its control and give little opportunity for the further development of free institutions in the republic.

### III. PROSPECTS

#### A. Internal

9. Despite the recent dissension within the junta, it now seems apparent that all factions will seek to avoid a showdown. Chairman Pak will try to give some satisfaction to the grievances of senior members of the junta in the interests of retaining their support. Kim Chong-p'il is already in a position to exercise the guiding hand in the government and can probably look forward to further gains in power. He will probably remain content to exercise his authority behind the scenes. For their part, the senior officers have consistently appeared unwilling to take steps to halt the growth of Kim's power and, indeed, the point may already have been reached where only the use of all-out military force could be effective. The uncertainties of any military confrontation argue against such action except under the greatest provocation; for example, the assassination of Pak followed by the assumption of leadership by Kim or members of his group. At present, it is probable that neither faction would wish to overthrow Pak since he is the only leader of national stature in the ruling group.

10. Pak has given some indications that he is ready to restrict the CIA to its countersubversion and intelligence functions and that he will constitute appropriate SCNR elements to

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monitor its activities. These moves would be helpful in maintaining a balance within the junta and in appeasing public opinion at home and abroad, but only limited actions have yet been taken and any restrictions imposed on the CIA will probably be more apparent than real. As its popularity has decreased, the regime has become increasingly dependent upon Kim and his organization. In addition, the junta leaders, and especially Chairman Pak, are concerned over the impending difficulties of changing to a civilian form of government. They will rely on the CIA to insure their continued control of the country and therefore it is likely that CIA power will continue to grow rather than diminish over the next few months.

11. The undertaking to return South Korea to civilian rule may prove to be the most serious threat to the short-run stability of the regime. Within the junta itself, conflicts are inevitable over election tactics, political alliances, and the allocation of public offices, and could possibly become serious enough to cause a split. More serious, however, is the danger of sharply increased public resentment if the election is rigged to insure the continued dominance of the Pak-Kim combination. Should Kim's efforts become blatant or violent in the tradition of the Rhee era, there is likely to be some sort of public protest, possibly riots and demonstrations. Any further economic deterioration would significantly lower the threshold at which such protests would occur. The regime is capable of suppressing local outbursts, but massive demonstrations of popular discontent could trigger coup attempts by disgruntled or opportunistic military leaders, perhaps acting in concert with presently disbarred political elements. The outcome of such attempts cannot be estimated, but the government which emerged from such a situation would almost certainly require a large degree of backing from the ROK military.

12. Although quarreling within the junta will continue, it is unlikely that hostility between the factions will lead to a military confrontation. Neither faction could safely predict the response of South Korean troops to orders issued in such a situation. As long as open conflict is avoided, Pak and Kim will probably maintain essentially their present working relationship. On balance, we believe that the junta will remain in power, with Pak as the key figure, through the scheduled elections, and that members of the junta will exercise a large degree of control over the new civilian government.

#### B. ROK-US Relations

13. South Korean relations with the US have been strained during the last few months. These difficulties are largely attributable to the increased influence of Kim Chong-p'il and his ultranationalistic and, occasionally, anti-American supporters in the ROK Government. The loss of contact between the parties has been evidenced most clearly by the failure of the regime to consult with American officials concerning matters of major significance to US policy. Advance notice was not received on the initiation of such major steps as the Political Purification Law, the currency conversion and blocking regulations, and the ambitious Ulsan industrial project. Moreover, in attempting to pressure the US into status-of-forces negotiations, the regime has tacitly encouraged anti-US press campaigns and student demonstrations. The regime is also trying to discourage close association between Americans and prominent Koreans; the implication of American nationals in the trial of former Prime Minister Chang and other Democratic Party elements is probably a step in this campaign.

14. US influence on the internal political and economic policies of the regime reached a low point in June and it is uncertain whether it will be more effective over the next few

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months. In recent weeks, both Kim and Pak have officially acknowledged the overwhelming US interest in South Korean economic affairs and have expressed their desire to avoid further misunderstandings in this field. Pak has recently appointed competent economists acceptable to the US to two key Cabinet positions. He is aware of the absolute necessity of continued and even increased US assistance for the achievement of his economic goals and will probably improve liaison with American officials to some degree in hopes of assuring a benevolent US attitude. However, concrete evidence of promised cooperation has been lacking; for example, there was no consultation on the recent FY 1962 supplemental budget. Kim, moreover, is resentful over open US attempts to curtail his power and he is not likely to abandon his free-wheeling economic activities.

15. In political matters, it is doubtful that either Pak or Kim will accept US suggestions which might impose limitations on their actions. Both have frequently expressed hostility to US interference in domestic politics, and they will be reluctant to apprise the US of their schemes for retaining power under the coming civilian regime. The probable continuation of the status-of-forces dispute will add to the difficulties of improving mutual confidence.

16. Only on the military plane have ROK relationships with the US remained relatively unaffected by recent events. The combat effectiveness of ROK forces has probably not been impaired by recent political difficulties. During the period of this estimate, the junta will continue to respect the principle of the subordination of the ROK Armed Forces to the UN Command. However, in a period of political crisis, command relationships might be seriously impaired. In any event, ROK-US military relationships at the working level will probably remain reasonably open and friendly.

17. Despite strong US pressures for an agreement, it is unlikely that the issue of ROK-Japanese relations will be resolved during the next few months. Preliminary talks have been resumed, but the financial gap between Korean claims and Japanese offers will make compromise difficult. Even if an agreement should be reached, it is unlikely that it could be implemented quickly enough to provide significant Japanese funds to strengthen the Korean economy during the next several months.

### C. The Communist Threat

18. While the military danger from the North continues to exist, the Communist threat to South Korea remains primarily political, psychological, and subversive in nature. The events of recent months—the crisis of leadership within the junta, the increased public apathy and even hostility toward the regime, the depressed state of the economy, and the differences with the US—have clearly increased these dangers. The North Koreans have already moved to exploit ROK-US conflicts by resurrecting an earlier propaganda line. The former vitriolic attacks against the ROK military government have been submerged; the campaign now stresses Korean nationalism and calls for the withdrawal of US troops. The peaceful unification theme, which proved effective among leftwing intellectuals and student groups during the Chang era, is also being pushed. The ultranationalism which the Pak regime has encouraged may give this propaganda line an even broader appeal than it once had. The USSR has dovetailed its policies with that of North Korea by formally requesting the inclusion on the current UN agenda of an item on “the withdrawal of foreign troops from South Korea.”

19. The Communists are well aware of the internal tensions within South Korea. The present situation, with its broadening gap be-

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tween the public and the junta, provides increased opportunities for stirring dissension and gaining recruits for subversion. The disunity within the junta itself presents openings for penetration of the government apparatus and the organization of antiregime groups. Increased concentration of power in the hands of the CIA and the dubious backgrounds and leftist ideologies of certain of Kim's close supporters are another source of concern.

20. During the period of this estimate, none of these dangers is likely to develop into any real Communist threat to the regime. The desire for unification is still largely offset by

memories of Communist actions during the war. Additionally, there is little evidence that subversion and infiltration have materially increased in recent months or that the CIA's recognized capability to counter such activities has declined. However, if the political erosion, which has already commenced, is not halted and if economic stagnation persists or if the CIA should turn to massive repression or blatant fraud to maintain its position of power during and after the transition to a civilian regime, the problem of countering Communist subversion will become far more serious than at present.

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22 January 1965

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## NATIONAL INTELLIGENCE ESTIMATE

NUMBER 42/14.2-65

# The Korean Problem

*Submitted by the*  
DIRECTOR OF CENTRAL INTELLIGENCE  
*Concurred in by the*  
UNITED STATES INTELLIGENCE BOARD  
*As indicated overleaf*  
22 January 1965

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# NATIONAL INTELLIGENCE ESTIMATE

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## The Korean Problem

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## THE KOREAN PROBLEM

### THE PROBLEM

To estimate the outlook for the Republic of Korea (ROK), including the nature of the challenge from North Korea.

### CONCLUSIONS

A. Certain hopeful signs appeared in South Korean political life over the past few months: President Pak has shown greater awareness of the value of persuasion and compromise in dealing with opposition; the parties are beginning to submerge factional differences, and some opposition elements have cooperated with the administration on certain less controversial issues. The economic situation has improved in certain respects, and the military has firmly supported the government. (*Paras. 4-5, 15*)

B. Nonetheless, there remain a number of underlying sources of instability and obstacles to achievement of a real sense of national unity and direction. The government has failed to convince many Koreans that it represents much more than a continuation of the unpopular and often corrupt military junta which it replaced. It has shed its authoritarianism sufficiently so that active, often irresponsible, opposition elements have been able to block its initiatives and work sometimes openly for its downfall. Political conflict is often more a contest for personal power than a controversy over issues, and the regime remains ultimately dependent on the support of the ROK military. (*Paras. 1-3, 11*)

C. The ROK is not likely to enjoy genuine political stability in the foreseeable future, but there is at least an even chance that the next two or three years will prove reasonably tranquil if the regime can handle certain issues. Among the most critical of these are a settlement with Japan—economically desirable but politically unpopular;

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the role of the controversial Kim Chong-pil; factionalism within the ruling Democratic Republican Party; and a variety of chronic popular grievances, particularly among students and intellectuals. Serious trouble could arise over any of these issues, and while the military is likely to support the regime in most circumstances, its support cannot be guaranteed in all cases. (*Paras. 6-14*)

D. Lasting stability is not likely unless further progress is made in improving a weak and imbalanced economy, heavily dependent on large-scale US assistance and burdened with serious problems of unemployment and a population growing at nearly three percent per year. Grounds for optimism are very limited, though a settlement with Japan—for which chances are about even during the next year—would help. In the best of circumstances, however, the ROK will remain a petitioner for large and continuing US assistance for years to come. (*Paras. 15-28*)

E. We believe that, during the next few years, the unification issue is likely to represent a more insistent problem for the ROK leaders than in the past. The North will probably continue to keep the initiative on unification, and sentiment within the ROK will make it more difficult for Seoul to stand pat. Pyongyang may fare better in the UN than in the past, particularly if Communist China is admitted or otherwise significantly improves its international status. We do not believe, however, that the trend is likely either to bring about the fall of the ROK Government or move it to contemplate unification on Pyongyang's terms unless the ROK suffers a series of unprecedented domestic disasters or becomes convinced that US support is weakening. (*Paras. 29-41*)

F. There is no evidence of Soviet deliveries of advanced aircraft and weapons to North Korea since early 1963.

[REDACTED] (*Paras. 42-48*)

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## DISCUSSION

### I. THE POLITICAL SCENE

1. The present government of the Republic of Korea (ROK) is the country's fifth government since 1960. It was launched in December 1963 after the military junta, which had previously governed by direct rule for two and one-half years, yielded to popular pressures for a return to civil government [REDACTED]

[REDACTED] gave the presidency to retired General Pak Chong-hui, dominant figure in the junta. Subsequent, carefully arranged, parliamentary elections returned a clear majority in the new National Assembly for the Democratic Republican Party (DRP), an essentially artificial organization created by the junta to secure civilian support for the Pak regime. Pak, [REDACTED]

[REDACTED] keeps his position largely because he continues to enjoy the support of the military and of civilian elements within the DRP and the administration.

2. In its year of office, the Pak government has faced formidable problems in seeking to maintain its authority under a constitutional system. No longer able simply to suppress opposition by authoritarian means, the government has often been frustrated by militant obstructionism on the part of its opponents in the National Assembly, much of it representing a campaign to weaken and embarrass the regime rather than a controversy over issues. The political difficulties have been compounded recurrently by anti-government student demonstrations in Seoul and elsewhere, encouraged and exploited by the regime's political opponents, and by an almost unceasing barrage of attacks from the aggressively critical South Korean press, self-constituted censor of this and previous governments.

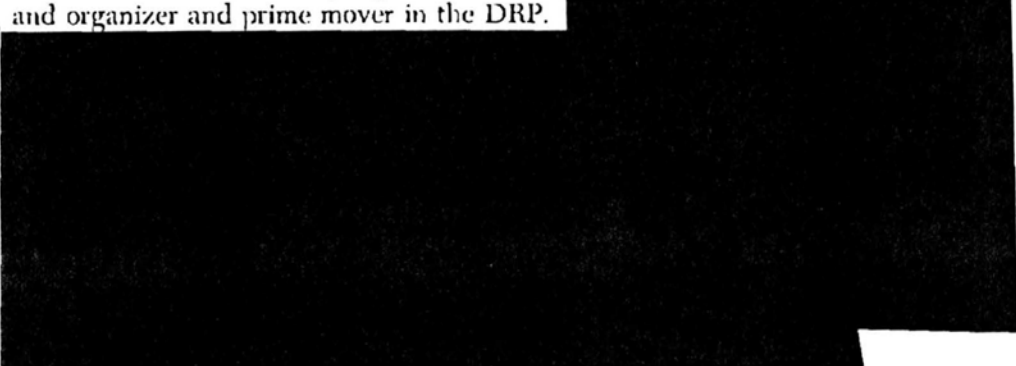
3. Underlying and intensifying the ROK's political difficulties are the same basic economic, social, and psychological problems which have frustrated South Koreans since the division of the country at the end of World War II: a rapidly increasing population with serious problems of unemployment and underemployment; continuing problems of governmental graft and corruption; a lagging and imbalanced economy critically dependent on US assistance; a defensive and vulnerable stance toward the intractable reunification question; the burden of a military establishment far in excess of the ROK's own capacity to support; and an international position weakened by competition from North Korea and by failure to establish satisfactory relations with Japan. The government's essential problem is to develop in itself and to bring to the country a sense of national unity, direction, and movement which might enable it to show progress in solving at least some of these problems. So far, its record has been at best uneven, and its chances of success are far from assured.

4. For all its political weaknesses and vulnerabilities, the Pak regime is not without some political assets. Compared to the turmoil of the first half of 1964, certain encouraging developments have occurred in recent months. For

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one thing, political tranquility has been helped by the absence during the last half of 1964 of the stormy figure of Kim Chong-pil, long Pak's closest advisor and organizer and prime mover in the DRP.



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5. Along with the soothing effects of Kim's absence, the general political atmosphere improved in various other ways during the last half year. Pak himself, and various moderate figures in the government and the DRP have exhibited greater awareness than before of the need for persuasion and compromise in dealing with opponents. In turn, some segments of the opposition have shown a greater disposition to place national above partisan interest. Prime Minister Chong Il-kwon, other cabinet ministers, and some competent economic technicians have been gradually assuming greater responsibility, often at the expense of inept cronies of Pak's from the period of the junta. In short, there are some signs of growing political maturity which might in time begin to move Korean political life toward a reasonable stability.

6. If the process is to continue and take hold, however, a number of difficult and even dangerous obstacles will have to be overcome. All will tax the government's skill and ability if it is to achieve any lasting political success or even survive to the end of its term in December 1967.

7. One of the regime's most difficult political tasks will be to diminish the hostility of the intellectuals, students, and the press. In Korean society, with its high respect for the educated, teachers and intellectuals generally are a potent force. Student demonstrations played a major role in bringing down the Rhee government in 1960, shook the Pak government more than once last year, and remain a threat to be reckoned with for any South Korean regime. Many if not most of the students are alienated from the regime, believing it to be blatantly corrupt, and they resent its intermittent disregard of democratic practices. College students in particular represent a volatile element, easily stirred to mass demonstrations which can quickly become politically explosive—especially in Seoul where some 30,000 attend the city's 14 colleges. In addition to their political or ideological resentments, the students are particularly frustrated by their dim prospects for finding jobs. Their distrust of the Japanese is especially strong, and any moves by the ROK Government to normalize relations with Japan will encounter resistance among the students.

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8. Another problem is whether political life in the parties and the National Assembly will come to be dominated by moderate elements interested in making the system work or whether it will slip back to partisan conflict between intransigent and self-seeking factions. Kim Chong-pil's exile helped the moderates gain influence in the DRP, but his return has served to reinforce the dominance of his "hard-core" supporters. Their ability to cut down the influence of the moderates will be assisted by Kim's strong influence on President Pak and his skill at political manipulation.

9. The opposition also shows splits between intransigents and moderates. The opposition groups have dissipated much of their energies in factional struggles—a condition which has helped the Pak government preserve its position—but they are able to embarrass the regime and sometimes block its initiatives through a combination of obstructionism in the Assembly and mass pressure tactics in the streets. Thus, Yun Po-sun, head of the principal opposition group, the Civil Rule Party, took the lead in inciting the student demonstrations last spring which blocked Pak's efforts to push through a settlement with Japan. Yun, moreover, is purging his party of certain moderates who favor a degree of compromise with the regime. The only other opposition party of any importance, former Prime Minister Chang Myon's Democratic Party, shows more inclination than Yun Po-sun's followers to work with the government.<sup>1</sup>

10. Underlying the factionalism and sterility of the ROK's political parties is a traditional absence of public enthusiasm for any government in power. The peasants, who comprise about two-thirds of the South Korean population, are preoccupied with local problems and view the present regime as little different from past governments in Seoul. The business community has reached a *modus vivendi* with the government after being subjected to heavy fines and blackmail in the junta years, but it remains heavily dependent on the government's favor, and, with a few individual exceptions, lacks real political influence. In an economy with a great oversupply of workers and little tradition of labor rights, organized labor is even weaker as an independent political force. In fact, the leading unions are covertly controlled by the government. The underpaid government bureaucracy, susceptible to bribery and highly dependent upon personal relations for advancement, is not a significant force for effective government.

11. The attitudes and influence of the Korean military will play an important, perhaps a decisive, role in determining whether the Pak government can lead the country toward a more stable political life. The military has supported the regime at critical moments during the past year, but its support for the government cannot be guaranteed under all circumstances. Military leaders have occasionally used their influence to pressure Pak into moves against his will, as in the exiling of Kim last summer, and they have made plain their disinclination to take part in violent suppressive measures against popular disturbances. Thus, in the event of future student demonstrations on a wide scale, for example, over

<sup>1</sup> The Civil Rule Party, lineal descendant of a conservative group that has been important in Korean politics since 1945, holds 47 seats of the 175 in the National Assembly. The Democratic Party has 15, and the DRP 110. Three are held by independents.

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an issue on which the troops sympathize with the demonstrators, the military might fail to act with the required firmness.

12. Of particular importance in the Korean military are officers who have been graduated from the ROK military academy since the Korean armistice and are now rising to the field grades. These officers, who constitute a cohesive group, tend to look on their seniors as professionally incompetent and tarnished by corruption. They are particularly responsive to trends in popular opinion. Widespread discontent with the government's political or economic performance, or such threats to military interests as substantial force reductions, might alienate them from the government or even impel them to seize power themselves. Another, less likely, source of possible trouble to the regime is the large number of retired senior officers, founders and former commanders of the ROK Armed Forces, whom the Pak government has retired in order to neutralize their influence but who, for that reason, are alienated from it in various degrees. At a time of political or economic crisis, these officers, many of whom retain ties with colleagues still on active duty, might attempt to promote a coup.

13. Many of the ROK's political problems can be solved, if at all, only by a gradual process of maturing. One critical issue, however, is clearly foreseeable in the near term—the question of normalizing relations with Japan. The Pak government has made this a matter of high priority because of substantial prospective advantages to the ROK in the form of Japanese trade and credits, economic aid, and diplomatic support. The psychological obstacles in the way of carrying this out are great. Anti-Japanese feeling has a long history of its own; it is pervasive and deep-seated. For political opponents of the Pak government, the issue has provided an effective means of arousing anti-government feeling.

14. In the best of circumstances, the process of ratifying an agreement will tax the government's ability to cope with opposition intransigence and to withstand popular emotional pressures. Even if ratification were achieved, anti-Japanese sentiment would persist. Indeed, to the extent that obvious Japanese influence reappears as a factor in Korean affairs, Korean sensitivities on this score will be intensified.

## II. THE ECONOMIC SITUATION

### A. The ROK Economy

15. The South Korean economic situation is not one of unrelieved gloom. A relatively good economic infrastructure of transportation and communication facilities and public utilities has been established. Plant construction, including the beginnings of heavy industry, is proceeding satisfactorily. Mineral and industrial production is rising, paced by rapid growth in the output of coal, cement, fertilizer, and electric power capacity. Exports have risen sharply from a very modest base. In 1964, agricultural production reached new highs, and inflation, although still a major problem, was slowed. For the first time in recent years, the government, though still dependent on heavy US aid, brought its budget

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into balance for FY 1965. During each of the past two years, GNP has grown an estimated five to six percent.

16. Despite these achievements, the South Korean economy is fundamentally weak and continues to hamper development of an effective and popular government. The basic problem is overpopulation: there are 28 million people in an area of some 38,000 square miles (about the size of Indiana) with few natural resources except arable land—and this is limited to about one-fourth of the total area and farmed by relatively primitive methods. Moreover, the population increases at an explosive rate of nearly three percent annually. Agricultural output has barely kept pace with a rising population and the underemployed farmers live at subsistence level. An estimated 20-30 percent of the nonagricultural labor force is unemployed, dissatisfied, and restive. Population increases and lagging agricultural output have also diluted the beneficial effects of a fairly rapid industrial growth; per capita income has failed to increase appreciably since 1959.

17. The export gains lose much of their significance when measured against continuing heavy import requirements. In 1960-1962, for example, 67 percent of total wheat consumption was imported. In 1963, due to poor harvests, over 1.3 million metric tons of grain, primarily wheat and barley, had to be imported; and foodstuffs constituted 22 percent of total imports. Improved agricultural production is the critical need of the economy. Japanese technical assistance would be especially valuable in this field. South Korea is theoretically capable of becoming self-sufficient in food production. The tentative agricultural development plan for 1965-1971 looks toward the achievement of self-sufficiency by about 1968. This goal, however, will probably not be achieved. In addition to the basic problems discussed above, extremely high foreign exchange needs will hamper the quest for self-sufficiency. The agricultural plan would call for the expenditure of \$600 million of which some \$400 million would be in foreign exchange, primarily for the purchase of fertilizer.

18. South Korea also lacks adequate domestic sources of industrial raw materials. Dependence on imports, especially petroleum, coking coal, cotton, and lumber, is increasing as the modest industrial plant grows, and the trade deficit is likewise rising. For years to come, export earnings are unlikely to balance the foreign exchange required for the imported foodstuffs and industrial raw materials needed to expand or even sustain the economy.

#### **B. The Military Burden**

19. Another major economic burden is the maintenance of one of the largest military establishments in the world. ROK Armed Forces now number 588,000 men and support of these forces is far beyond the capacity of South Korea. The cost is sustained largely by the US through direct assistance and AID-generated local currency. In recent years, defense has accounted for almost one-third of the ROK budget. Local currency proceeds from the US economic aid program (PL-480) financed about 73 percent of this amount in 1962 and 1963. Through 1966, the US plans to foot about two-thirds of the ROK defense budget. Over

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and above the budget, the US also supplies military equipment directly through its Military Assistance Program which has averaged some \$180 million annually over the past five years.

20. The possibilities of reducing these defense expenditures are slight as long as present ROK force levels are considered necessary. There are political and economic arguments against reductions in ROK forces as well as military and strategic ones. The Pak administration would be concerned over the adverse response of officers deprived of career, pay, and prestige. If large numbers of military personnel were released, most of them would probably join the ranks of the discontented unemployed and become charges on the Korean domestic economy. The reduction of military payrolls and cuts in the procurement of domestic goods for the armed forces would also have an adverse economic effect. Hence, the ROK Government will probably seek to maintain its forces at or near present levels. It will also, like all its predecessors, oppose any withdrawals of US forces from the ROK, both because of the impact on South Korean morale, and because in recent years the ROK has earned some \$50 million annually from expenditures by US forces.

### C. US and Other Foreign Assistance

21. South Korea is heavily dependent on US economic aid. Since 1946, it has received almost \$4 billion in such aid in addition to about \$2.2 billion in direct military assistance. US AID-generated funds provide one-third of budgeted ROK expenditures. About one-half of all imports, including capital equipment for economic development projects, is provided under US aid programs. This aid was gradually reduced from 1961 through 1963, but poor crops in the latter year necessitated very large PL-480 imports. Hence, the FY 1964 aid total was actually somewhat above the annual average since 1945. This external assistance has helped keep South Korea "afloat" and out of Communist hands, but dependence on it has fostered an atmosphere of economic irresponsibility.

TABLE I

US ECONOMIC ASSISTANCE TO THE ROK  
(USFY 1946-1964)  
(in \$US millions)

	1946-1964	1961	1962	1963	1964
Support Assistance .....	2,245.8	173.9	89.8	89.1	76.2
Development Loans .....	105.9	6.5	25.2	25.8	29.6
Development Grants* .....	37.6	5.6	4.9	-7.3"	3.7
Other Programs" .....	859.4	...	...	...	...
PL-480 Programs .....	654.2	79.8	81.7	85.5	133.8
TOTAL .....	3,902.9	265.8	201.6	193.1	243.3

\* Technical assistance.

" In this year, deobligations exceeded new commitments.

" Discontinued programs (CRIK, UNKRA, UNRRA, and various US appropriations and surplus property donations).

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22. Until recently, the ROK received no significant assistance or investment from other foreign sources. In 1962, it received about \$30 million in public and private loans and supplier's credits, principally from West Germany. In 1963, almost \$90 million in supplier's credits were received, mainly for capital development, from the UK, France, Italy, and Japan. The first major foreign private investment—a refinery—was made by Gulf Oil Corporation in the same year. Drawings against foreign governmental credits have been slow, primarily because of political and economic uncertainties. West Germany and a few other Western European countries are now offering additional developmental loans and credits.

#### D. Japan and the ROK Economy

23. Japan's present economic role in South Korea is largely that of a source of manufactures and a market for raw materials and food products. The pattern of trade is heavily adverse for South Korea and becoming more so each year: in 1963, imports from Japan were valued at \$162 million whereas exports to Japan were only about \$25 million. Part of the problem of imbalance is attributable to the restrictive policies followed by both sides: the Japanese seek to keep out Korean products which are competitive with domestic products; Korean restrictions prevent Japanese firms, including importers, from carrying on normal business activities in South Korea. Negotiation of these differences is unlikely to proceed until formal diplomatic relations have been resumed. Afterward, with mutual concessions, bilateral trade would probably increase substantially.

24. Normalization would probably also result in a substantial inflow of Japanese capital interested in taking advantage of low ROK wage levels to manufacture goods, particularly textiles, for export to Japan and third countries. South Korea might also benefit from liberal infusions of Japanese equipment, and managerial and technological know-how, especially in the agricultural sector.

25. In the meantime, there are many impediments to the successful completion of the current round of ROK-Japan negotiations other than the domestic political rivalries noted earlier. Foremost is the fear of many Koreans that the Japanese are anxious to return to their position of dominance in the peninsula. The emotional response of the students earlier this year demonstrated that anti-Japanese feelings are strong even in the younger generation. There are also major substantive issues that have continually stymied an agreement, most importantly ROK efforts to exclude the Japanese from fishing within South Korea's self-declared "Rhee Line." Finally, there is concern that the US is pushing a settlement as a first step in ridding itself of its burdens and responsibilities in South Korea.

26. ROK-Japan negotiations center on the so-called Kim-Ohira agreement, conclusion of which was blocked by the Seoul riots in early 1964. Under its terms, Japan would provide \$600 million in economic assistance over a ten-year period, of which \$300 million would be an outright grant. As a first step, Japan

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has offered financial and technical assistance to the Korean fisheries industries and private loans of about \$40 million for industrial development. As an additional conciliatory gesture, the Japanese have recently proffered a further \$20 million medium-term credit for Korean industrial development.

27. The outlook for achievement of a Japan-ROK agreement in the near future has improved in recent months. The Pak government has carried on the most recent round of bilateral talks in a relatively open manner and has kept both the opposition and the Korean press informed of all major negotiating moves. All South Korean political parties are now paying at least lip service to the need for an agreement. Both the ROK and Japanese prime ministers are publicly committed to the need for an early agreement. Perhaps most important, the US has publicly reaffirmed its intention to continue its financial support of South Korea. The US has also acted to promote a formal international economic advisory group for South Korea, under the auspices of the Development Assistance Committee of the OECD, which would serve to dilute the political impact of Japanese aid and lessen Korean fear of Japanese economic domination.

28. In view of these developments, the chances are at least even that some sort of an agreement will be reached during the next year, possibly within a few months. Failing a full settlement, there may be agreement for sufficient normalization of relations to permit relaxation of trade restrictions and the use of some Japanese credits. Failure to achieve some sort of agreement this year would be a setback to President Pak who has predicated some of his economic plans on receipt of Japanese assistance. Were Kim Chong-pil to become re-involved in the issue, it would make the task of gaining legislative and popular acceptance more difficult.

### III. THE NORTH KOREAN CHALLENGE

29. The Communist regime of North Korea is a formidable rival to the ROK Government. A close-knit clique under Premier Kim Il-song has headed the regime since its inception. Without being exclusively dependent on either the USSR or Communist China, it is protected by military commitments from both, and has received substantial assistance from both in maintaining the third largest military establishment in the Communist world. Its natural resources are superior to those of the ROK, and with substantial help from the Communist states, it has carried out a forced draft program of economic growth which has given it an impressive industrial base and full employment. It has received diplomatic recognition from far fewer countries than the ROK. On the other hand, it has continued to press for the reunification of Korea in contrast to the defensive attitude of the ROK.

30. North Korean efforts to weaken the ROK have proceeded on three levels: overt political and propaganda appeals for unification; infiltration and subversion; and diplomacy. Of these, the overt political and propaganda campaign probably represents the most serious challenge. North Korean tactics in pursuing it have

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varied with changing conditions in the South. During the period of the junta, North Korean propaganda called for revolutionary overthrow of the government, but with the return of a civilian regime in Seoul, Pyongyang has reverted to a more conciliatory approach. Its two basic themes have been nationalism and the economic advantages of reuniting North and South Korea. Its specific proposals—all conditional on withdrawal of US forces—include a bilateral non-aggression pact; reduction of armed forces to 100,000 men on each side; and general elections free of "outside" interference (i.e., by the US or UN). Most recently, the North Koreans have called for various intermediate steps, such as exchanges of mail, and facilities for cultural, trade, and family contacts.

31. On purely economic grounds, North Korea's proposals for reunification have some basis in reality. The two economies remain potentially complementary in important respects. The North has the principal mineral, water power, and timber resources and, both by inheritance from pre-war days and because of its economic programs of the past decade, a fairly comprehensive heavy industrial base. It also has a severe labor shortage. In contrast, the ROK has the preponderance of agricultural land and light industry, and it has chronic problems of overpopulation and unemployment.

32. Although Pyongyang's claims are no doubt excessive and its statistics are highly suspect, North Korea is probably outperforming the ROK by virtually every economic index. Moreover, unlike the ROK, North Korea, which has apparently not received major economic grants or development credits in the last few years, seems to be financing its economic growth out of its own resources. Nevertheless, investment is continuing at a good, though reduced, rate. However, North Korea's emphasis on heavy industry has resulted in a slighting of agriculture and consumer goods, so that living standards have not kept pace with overall economic progress. Thus, despite some extremes of poverty in the ROK, the bulk of South Koreans, particularly in the cities, probably have a less austere existence than their cousins in the North.

33. The problem of how to handle North Korea's overt unification campaign has been as much a dilemma for the Pak government as for its predecessors. Pyongyang's initiatives have left Seoul in an essentially defensive position. The ROK as yet has not developed a positive approach of its own to demonstrate initiative and to provide a safety valve for popular feeling. It has not gone beyond reiteration of the longstanding formula for UN-supervised general elections—which has been and will continue to be categorically rejected by North Korea. Most South Korean leaders remain reluctant to countenance even limited contacts with the North and the government has temporized by announcing plans for the formation of a committee to study the problem.

34. To date, North Korea's political and propaganda efforts have had relatively little impact in the South. The great bulk of South Koreans remain predominantly anti-Communist, and bitter memories of the Korean War are still very much alive among most citizens of the ROK. Nonetheless, there is a pervasive emotional desire for Korean reunification. With the passage of time and the

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rise of a generation which does not remember the war, these sentiments are likely to grow. Already, proposals for limited steps to permit resumption of family ties, cultural contacts, and the like have evoked some sympathetic response in South Korea.

35. North Korea's subversive and infiltration campaign against the South has changed character in recent years. Sabotage and terrorism have been replaced by a more subtle, longer range program of trying to build covert political influence. The number of infiltrations has declined since a peak during the 1960-1961 period of political confusion in Seoul. Recent agent missions are apparently intended mainly to establish contacts with key figures in the ROK Government, the press, and the intellectual community.

36. In the last decade, Communist agents have not demonstrated great effectiveness in South Korea. Some Communist elements were able to participate in and exploit the student demonstrations in the spring of 1964, but they were not a major force in these outbreaks. North Korean agents in the South are probably incapable of seriously threatening the regime except under conditions of more severe political and economic stress than have occurred over the past decade. The presence of strong government military forces, an effective internal security apparatus, and the basic anti-Communist orientation of the people constitute formidable barriers against their efforts. There are, however, perhaps 35,000-50,000 Communists and Communist sympathizers in South Korea who could one day prove dangerous. Most of these are former members of the outlawed South Korean Labor (Communist) Party. There are also a number of non-Communist leftists who, during the Chang government's period, supported a *modus vivendi* with the North and probably would seize any opportunity to do so again.

37. On the diplomatic front, Pyongyang still lags far behind Seoul, but it has achieved some gains since early 1963, most notably in Africa. Nearly three times as many countries recognize or appear favorably disposed toward South Korea than give similar support to North Korea. Thirteen Communist and 12 non-Communist states<sup>2</sup> have diplomatic relations with Pyongyang. In addition, India, Burma, and Ceylon have consular relations, but India and Burma also have consular relations with Seoul. For some time to come, South Korea will probably continue to be recognized by many more states than North Korea, though the latter is likely to make some gains.

38. Both North and South Korea have been kept out of the UN, though Seoul maintains an active mission in New York. To date the UN General Assembly's consideration of the "Korean Question" has consistently culminated in the passage, by a wide margin, of an annual resolution calling for reunification through elections under UN aegis. This result is likely to be repeated for at least a few years to come, but there are signs of increasing dissatisfaction with the exercise among the Asian "neutralists" and the new African states, and also on the part of some western nations.

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<sup>2</sup> Guinea, Mali, Congo (Brazzaville), Mauritania, Uganda, Ghana, Tanzania, Algeria, the UAR, Yemen, Cambodia, and Indonesia.

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39. The outcome of North Korean plans for the communization of the entire peninsula will continue to depend more upon South Korea's success in solving its domestic problems than upon what North Korea is likely to do. If Seoul is able to provide its people with an improved standard of living within a reasonably free society, the appeal of the North will remain very limited, as will its capability for subversion. Conversely, the greater the difficulties and frustrations experienced in the ROK, the greater the long-range opportunities for the North.

40. We believe that, during the next few years, the unification issue is likely to represent a more insistent problem for the ROK leaders than in the past. The North will probably continue to keep the initiative on reunification, and sentiment within the ROK will make it more difficult to stand pat. Pyongyang may fare better in the UN than in the past, particularly if Communist China is admitted or otherwise significantly improves its international status. We do not believe, however, that this trend is likely either to bring about the fall of the ROK Government or move it to contemplate unification on Pyongyang's terms unless the ROK suffers a series of unprecedented domestic disasters or becomes convinced that US support is weakening.

41. If the worst should happen to the Pak regime, and some combination of the threats and vulnerabilities discussed earlier should cause it to fall, this would not necessarily increase North Korea's chances for dominating the South. Pyongyang would exploit Pak's fall as further evidence of the hopelessness of the ROK's future, but any likely successor in Seoul, military or civilian, would probably be of an orientation not radically different from the Pak government and would remain basically hostile to the North while seeking continued US support.

#### IV. THE MILITARY SITUATION

42. The North Korean Armed Forces are not capable of sustained attacks against South Korea without external assistance. We do not believe that North Korea will initiate war against the South as long as Pyongyang believes that the US will defend South Korea. Neither Peiping nor Moscow is likely to encourage North Korea to this course unless hostilities in the Far East should involve one or both of them with the US. The Sino-Soviet dispute has reduced the chance of their collaboration and Peiping would probably be more hesitant than in 1950 to face a military confrontation with the US.

43. The ROK Armed Forces now number 588,000 men. The figure is down from the Korean War strength of 750,000, but it has remained substantially unchanged over the past three years. The 524,000-man ROK Army is capable of maintaining internal security but not of defending against major Chinese Communist/North Korean aggression without extensive US assistance. The ROK Air Force is a small, well-trained force, consisting of 162 jet fighters (F86D/F86F), whose primary mission is air defense. It is operationally ready and capable of providing a high degree of defense support, but incapable of effectively countering enemy air power without rapid augmentation by USAF units. The ROK

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Navy is capable of maintaining a surveillance patrol of South Korean coastal waters and could defend itself against hostile North Korean naval activity. There is also a Marine force of 25,000. The capabilities and the confidence of the ROK Armed Forces are bolstered by the presence of approximately 55,000 US military personnel, including two US infantry divisions. Control and logistical functions for the ROK forces are provided by the UN Command. Turkey and Thailand each maintain a composite company in South Korea. The US exercises command and control.

44. The North Korean Army, with a strength of about 345,000, is much smaller than that of South Korea. There are also about 8,000 well-armed security troops. About 50 percent of the total army strength is deployed facing South Korea along the Demilitarized Zone and most of the remainder is located in coastal regions. The North Korean Navy, while little more than a coastal patrol and inshore defense force, has two "W" class submarines, probably received from the USSR before 1963; at least two Swatow-class gunboats, supplied by Communist China; and other motor torpedo boats of undetermined types.

45. The North Korean Air Force is superior to that of South Korea. It has 85 jet light bombers (IL-28/BEAGLES) and about 400 subsonic jet fighters and attack aircraft, including 360 day fighters (FAGOT/FRESCO) and 40 limited all-weather fighters (FRESCO-D). In addition, we estimate that there are about nine MIG-21/FISHBED aircraft.<sup>3</sup>

46. North Korean combat efficiency was improved in the late fifties and early sixties by replacement of obsolescent items with more modern Soviet arms and equipment. The MIG-21s were probably supplied by the USSR in late 1962 along with additional IL-28s and transport aircraft. Modernization of the air defense system, including construction of two SA-2 sites near Pyongyang, was probably initiated at about the same time; these sites are now almost certainly operational.<sup>3</sup>

47. In 1961, North Korea entered into treaties of mutual defense with the USSR and Communist China. In view of Pyongyang's alignment with Peiping in the Sino-Soviet polemics and many recent Chinese pledges of support, there are no doubts about the continuing validity of the Chinese commitment. On the Soviet side, a high-ranking official recently reaffirmed Moscow's commitment, while specifying its defensive nature. Soviet-North Korean relations have been cooled by political difficulties, but North Korea's position on the Soviet border assures continuing Soviet military interest in North Korea. The Soviets almost certainly attempted to use North Korea's dependence on them for modern weapons as a lever to keep Pyongyang on their side in the Sino-Soviet dispute, and probably reduced their military aid after 1962 when this effort failed. We have no evidence that North Korea has received any modern weapons from the USSR since early 1963.

<sup>3</sup> See Annex.

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48. Unless Soviet-North Korean relations improve over the level of the past two years, North Korean military equipment is likely to deteriorate gradually through obsolescence. It is unlikely, however, that the USSR would want to see the ROK achieve a clear military superiority over the North, and Soviet aid is likely to continue at levels sufficient to maintain a North Korean military deterrent against attack by the ROK. Communist China has recently provided North Korea with some modern radars, but except for this type of materiel, it is not likely to be able to supply advanced equipment in significant quantities for a considerable time to come.

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## ANNEX

### MIG-21s AND SURFACE-TO-AIR MISSILES IN NORTH KOREA

#### DISCUSSION

1. *MIG-21s.*

of MIG-21s in North Korea. At Pukchang-ni airfield (39°30'N.; 125°58'E.) near Pyongyang, there were four MIG-21s

We believe, therefore, that there is a total of about nine MIG-21s in North Korea.

2. *Surface-to-Air Missiles (SAMs).* A probable SAM assembly area was detected for the first time in North Korea in December 1962

It was located near Pyongyang and work on it had probably begun in the summer of 1962. The first confirmed SA-2 site in North Korea, also in the Pyongyang area, was found in May 1963; it had been begun early in 1963. A second SA-2 site, again in the Pyongyang area, was located

November 1964, confirming earlier reports from other sources. FAN SONG missile guidance and tracking radar in the vicinity of the SA-2 sites, indicating that both are almost certainly operational.

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EO 12958 3.4(b)(1)>25Yrs  
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Mr M. Bundy  
SC 02583-65

✓ NIE 42/14.2-65

22 January 1965

4

SPECIAL ANNEX TO  
NATIONAL INTELLIGENCE ESTIMATE

NUMBER 42/14.2-65

# The Korean Problem

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Submitted by the  
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the  
UNITED STATES INTELLIGENCE BOARD

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22 JANUARY 1965

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SPECIAL ANNEX TO  
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NUMBER 42/14.2-65

# The Korean Problem

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3.4(b)(1)  
1.5(c)

## THE KOREAN PROBLEM

### ANNEX

#### MIG-21s AND SURFACE-TO-AIR MISSILES IN NORTH KOREA

##### DISCUSSION

1. *MIG-21s.* [REDACTED] photography of December 1962 provided the first evidence of MIG-21s in North Korea. At Pukch'ang-ni airfield (39°30'N; 125°58'E) near Pyongyang, there were four MIG-21s and ten shipping crates believed to be of the type used to ship MIG-21s. Normally, a MIG-21 is shipped in two distinguishable crates—one for the fuselage and tail assembly and one for the wings. Three of the type believed to be used to ship the fuselage and tail assembly were among those in evidence at Pukch'ang-ni. It was impossible to determine whether any of the crates were empty; it is usual Soviet practice to disassemble crates when taking out MIG-21s, although this is not invariably done. Chances are, therefore—though this may not be the case—that the crates did contain an additional five MIG-21s. We believe, therefore, that there is a total of about nine MIG-21s in North Korea.

2. Flight activity of MIG-21s over North Korea has been detected [REDACTED] since late December 1962. In early 1964, [REDACTED] the probability of seven MIG-21s in the air almost simultaneously over North Korea.

3. *Surface-to-Air Missiles (SAMs).* A probable SAM assembly area was detected for the first time in North Korea in December 1962 [REDACTED] photography. It was located near Pyongyang and work on it had probably begun in the summer of 1962. The first confirmed SA-2 site in North Korea, also in the Pyongyang area, was found in [REDACTED] photography of May 1963; it had been begun early in 1963. A second SA-2 site, again in the Pyongyang area, was located on [REDACTED] photography of November 1964, confirming earlier reports from other sources. [REDACTED] the presence of FAN SONG missile guidance and tracking radar in the vicinity of the SA-2 sites, indicating that both are almost certainly operational.



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