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334 COMMITTEE, INTERDEPARTMENTAL
KOREA

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NO.	FROM	DATE	TO	SYNOPSIS

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ADDRESS OFFICIAL COMMUNICATIONS TO
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Interdepartmental Committee on Korea

SECRET

March 28, 1947.

MEMORANDUM FOR THE SECRETARY OF SWNCC

There is enclosed a copy of a "Report of the Special Interdepartmental Committee on Korea" which was submitted to the Secretaries of State and War under date of March 27, 1947.

It is suggested that this report be circulated for the information of the SWNCC.

J. H. Hilldring
State Department Member
State-War-Navy Coordinating Committee

Enclosure:
Report of the Special
Interdepartmental
Committee on Korea.

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Interdepartmental Committee, Korea

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COPY NO. 40

OAC D-4/3

March 27, 1947

Presented by: State

ADVISORY COMMITTEE ON OCCUPIED AREAS AFFAIRS

Economic Rehabilitation of Korea: Report of Interdepartmental Committee on Korea, Appendix A

For the information of the Committee I am circulating Appendix A of the Report of the Interdepartmental Committee on Korea established by the Secretary of War and the Secretary of State.

I am informed that the document is still considered by that committee to be a working paper. Because of the scarcity of copies and because the cognizant officials in the State Department already have copies, only limited distribution of the appendix is made to the members of the Committee indicated below. Members not receiving copies of the appendix and desiring to see it are referred to the copies on file with the people indicated below.

Leon Weaver
Secretary

Appendix attached to copies numbered as follows:

Wheeler	8
Overby	11
Blaisdell	30
Kaiser	26
Weaver	29

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WAR & NAVY COORDINATING COMMITTEE

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COPY NO. 64

31 March 1947

STATE-WAR-NAVY COORDINATING COMMITTEE

MEMORANDUM FOR INFORMATION NO. 75

REPORT OF THE SPECIAL INTERDEPARTMENTAL COMMITTEE ON KOREA

Note by the Secretaries

At the request of the State Member, SWNCC, the enclosed report of the Special Interdepartmental Committee on Korea is circulated for the information of the State-War-Navy Coordinating Committee.

H. W. MOSELEY

W. A. SCHULGEN

V. L. LOWRANCE

Secretariat

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REPORT OF SPECIAL INTERDEPARTMENTAL COMMITTEE ON KOREA

Memo for Info
No. 75

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I. INTRODUCTORY.

The Special Interdepartmental Committee on Korea was established as a result of conversations between the Secretary of State and the Secretary of War regarding the unsatisfactory situation in Korea. It was agreed between the Secretaries that the Committee should consult with other experts on Far Eastern affairs not now directly concerned with Korean matters. Mr. Grew, former Under Secretary of State, agreed to review the findings of the Committee, while Mr. J. Weldon Jones, Assistant Director of the Bureau of the Budget, agreed to act as a member of the Committee. The other members of the Committee were Mr. J. K. Penfield, Deputy Director of the Office of Far Eastern Affairs in the State Department, and Major General A. V. Arnold, former chairman of the U.S. delegation of the Joint Commission in Korea and previously Military Governor of Korea. Other State and War Department officers participating in the work of the Committee were: Mr. Hugh Borton and Mr. E. M. Martin of State Department and Lt, Col. E. W. Hendrick and Lt. Col. T. N. Dupuy of the War Department.

The Committee was directed orally to study the present unsatisfactory state of affairs in Korea, and, on the basis of that study, to develop for submittal to the Secretaries of State and War recommendations for a proposed governmental policy with regard to Korea.

In studying the situation in Korea, the Committee soon came to the conclusion that little further progress could be made towards the accomplishment of U.S. aims in Korea until an effort had been made on a governmental level to reach agreement with the Soviet Union regarding means of implementing the Moscow Agreement of December 1945. It was the opinion of the Committee that this approach should be made before the termination of the forthcoming Moscow Conference. Therefore, in view of the early departure of the Secretary of State for Moscow, the Committee decided to submit its preliminary views to the Secretaries of State and War. These views were submitted on February 25 in a memorandum (Appendix "F") enclosing an initial draft of Sections II, III, IV and V of this report.

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In its consideration of the situation in Korea the Committee reviewed various pertinent studies prepared within the two departments and in the field.

The Committee interviewed the following experts:

The Honorable A. W. Harriman, Secretary of Commerce.

Lieutenant General J. R. Hodge, Commanding General, U.S. Army Forces in Korea.

Mr. E. Durbrow, Counselor, U.S. Embassy, Moscow, U.S.S.R.

Mr. Llewellyn E. Thompson, Chief, Division of Eastern European Affairs, State Department.

II. PRESENT SITUATION IN KOREA

A. General.

1. U.S. policy towards Korea is based on the following basic objectives: (1) To establish a self-governing sovereign Korea as soon as possible, independent of foreign control and eligible for membership in the United Nations; (2) to insure that the national government so established shall be fully representative of the freely expressed will of the Korean people; and (3) to assist the Koreans in establishing a sound economy and adequate educational system as essential bases of an independent, democratic state.

2. For the purpose of taking the Japanese surrender Korea was divided into two zones of military occupation, the United States occupying that part south of 38°, and the U.S.S.R. occupying the northern part of the country. This division persists. However, through the Cairo and Potsdam Declarations, the United States, the United Kingdom, and China are committed to the eventual independence of all of Korea. In its declaration of war on Japan on August 8, 1945, the U.S.S.R. joined in the Potsdam Declaration.

3. In the early days of the occupation the U.S. Commander, General Hodge, was unable to establish satisfactory liaison with the Soviet Commander in the north. Political and economic problems created by the artificial division of the country into two zones became acute. In December 1945, at the

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Moscow Conference, these serious consequences of the bi-zonal occupation were discussed and an agreement between the U.S., U.S.S.R. and U.K. was reached regarding Korea. This agreement, to which China subsequently subscribed provided that:

(i) There would be an immediate conference between representatives of the U.S. and Soviet Commands in Korea for the purpose of settling acute economic and administrative matters.

(ii) The U.S. and Soviet Commanders in Korea would establish a Joint Commission which, in consultation with local democratic parties and social organizations, would prepare plans for the formation of a provisional Korean government.

(iii) The Joint Commission, with the participation of the provisional Korean government (when established) and Korean democratic organizations, would work out measures "for helping and assisting (trusteeship) the political, economic and social progress of the Korean people, the development of democratic self-government and the establishment of the national independence of Korea" which would be submitted for the joint consideration of the Governments of the U.S., U.S.S.R., U.K. and China "for the working out of an agreement concerning a four-power trusteeship of Korea for a period of up to five years".

4. The conference called in subparagraph (i) above met early in 1946 but achieved no substantial results.

5. On March 20, 1946, the Joint U.S.-U.S.S.R. Commission provided for in the Moscow Agreement met for the first time. It was the U.S. view that the formulation of plans for the creation of a provisional Korean government was the first and most pressing task before the Commission.

The Soviets at first insisted that the provisional Korean government be formed after consultations with only those political parties and social organizations fully in favor of the

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Moscow Agreement, including its provisions for a trusteeship for Korea. The Soviet position would have had the effect of excluding from consultation all parties save the Communist party and its fellow travelers, even though, until indoctrinated with the "party line", Communists in south Korea, like those in the north, initially opposed trusteeship. The Joint Commission finally agreed that it would consult with Korean democratic parties and social organizations which were "truly democratic in their aims and methods" and which would subscribe to a declaration that they would "uphold the aims of the Moscow Decision", "abide by the decisions of the Joint Commission in its fulfillment of paragraph 2 of the Moscow Decision in the formation of a provisional Korean Democratic Government", and cooperate with the Commission "in the working out by it . . . of proposals concerning measures foreseen by paragraph 3 of the Moscow Decision".

The Soviet delegation then insisted that if any of these Korean parties were represented by any individuals who had expressed opposition to the Moscow Agreement, and particularly to the provision for trusteeship, these individuals should be declared ineligible for consultation with the Joint Commission. The United States delegation did not accept this proposal on the ground that such an exclusion would constitute a violation of democratic, representative principles and particularly the principle of freedom of speech. As it became evident that no progress could be made, the Commission adjourned sine die on May 8, 1946.

6. Immediately after the Commission adjourned the U.S. Command took the initiative in pressing the Soviet Command for resumption of negotiations. The several exchanges of letters which have taken place have failed to change the basic Soviet position. Furthermore, the Soviets have engaged in obvious delaying tactics. The following summary clearly shows that General Hodge has been doing his best to achieve some progress toward implementation of the Moscow Agreement and that General Chistiakov is doing his best to delay such progress:

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Letter from General Hodge to General Chistiakov --	May 9,1946
Letter from General Hodge to General Chistiakov --	June 15,1946
Reply from General Chistiakov to General Hodge --	August 6,1946
Reply from General Hodge to General Chistiakov --	August 12,1946
Mr. Bunce visited north Korea and engaged in exploratory conversations with a view to reconvening the Joint Commission --	September,1946
Reply from General Chistiakov to General Hodge --	October 26,1946
Reply from General Hodge to General Chistiakov --	November 1,1946
Reply from General Chistiakov to General Hodge --	November 26,1946
Reply from General Hodge to General Chistiakov --	December 24,1946
Reply from General Chistiakov to General Hodge --	February 28,1947

B. Southern Korea.

1. Political progress and situation.

In the American zone U.S. military government under a military governor, who is an officer on the Staff of the U.S. Commander, was established on September 9, 1945, at the beginning of the occupation. This government is operated by U.S. military and civilian personnel as well as Koreans, who have been given a large number of responsible positions. Emphasis is being placed upon the treatment of Koreans as a liberated people, and measures are being adopted which provide for Korean participation in constructive political, economic and cultural programs.

An interim legislative assembly for south Korea was convened December 12, 1946. It is designed to provide training in democratic political procedures and has the duty of formulating and presenting to the U.S. Commander draft laws to be used as the basis for political, economic and social reforms in the American zone. The legislative assembly is composed of 90 members, 45 of whom were elected and 45 appointed by General Hodge. Of those elected 30 are rightists, 13 are independents and 2 are leftists; of those appointed, 41 are from various professional and religious groups not affiliated with the extreme rightists and 4 are rightists. The Chairman of the Assembly is Mr. Kim Kyu Sik, an outstanding leader of the moderates.

The meeting of the Interim Legislative Assembly on January 20, 1947, ended in confusion with the passage by a vote of 44 to 1 of an extreme rightist-backed resolution against trusteeship and against General Hodge's position on trusteeship

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as expressed in published letters to the Soviet Commander. Thirty-four rightists and 10 independent members of the Assembly supported the resolution. It is significant, however, that this vote was taken after the withdrawal or abstention of 45 members who did not wish to support the resolution but felt that they could not, for political reasons, vote against it. The Chairman, Kim Kyu Sik, was not present at the session. The representative character of the Assembly is threatened by the rightists who declare they will reorganize the legislature, expelling those who did not vote against trusteeship. However, encouragement is being given to moderate elements by the U.S. authorities and it is hoped that these elements will become dominant in the Assembly in the near future.

There is considerable unrest in south Korea because of the Koreans' desire for immediate independence and their growing pessimism regarding the prospects of U.S.-Soviet agreement. This unrest is aggravated by the serious economic situation, which cannot improve until considerable material assistance is received from the U.S. The right wing elements are increasing their vocal opposition to trusteeship and are threatening to instigate widespread civil disorder.

The Korean Communists are using terrorism and other typical Communist tactics to weaken and confuse other political elements. They assert that the U.S. will some day withdraw from south Korea and that Soviet-sponsored Communism will inevitably triumph in the entire nation. They threaten that they will then mete out dire punishment to those who now oppose Communist objectives. Complicating the confused political picture is the political inexperience of the Koreans after forty years of Japanese domination, during which Korean national life and self-expression were ruthlessly suppressed and the Koreans were forced to adapt themselves to the Japanese mold.

In spite of these developments, however, U.S. friendliness toward Korea prior to the Japanese annexation, and

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extensive American missionary activity both before and during the period of Japanese rule, have resulted in a backlog of good will among Koreans generally toward the United States. Also, many Koreans are intelligent enough to realize that much as they yearn for freedom from foreign supervision, withdrawal of the U.S. would merely mean falling under a much more oppressive foreign yoke. Therefore, the effect of hysterically emotional appeals for immediate independence and driving out of the "imperialist oppressor" is potentially less in Korea than it would be in a normal colonial area.

2. Economic Situation.

Korea, as an integral part of the Japanese Empire, was set up to contribute to the Japanese war-making potential and was not organized as a self-sustaining economic unit. With the end of the war and the abolition of Japanese controls there was a complete collapse of all manufacturing effort. Few Koreans had the technical training to fill the vacancies created by removal of Japanese. Factories built to produce war supplies were not suited to a peacetime Korean economy. The limited stockpiles left by the Japs at the end of years of war were quickly used up.

The collapse of the domestic economy was, of course, accentuated by the breaking off of Korean economic and financial relations with Japan the the yen bloc countries such as Manchuria from which nearly 95% of Korean prewar imports came.

Recovery from these blows has been severely handicapped by the separation of the country into two zones. The hydroelectric power, chemical and metal industries of north Korea are a necessary complement of the agriculture and textile industry of south Korea. Until an economic agreement is reached with the Soviets, south Korea will continue to be deprived of essential coal, fertilizer and electric power produced in the north.

Military government has furnished technical help, some trained operators and made every effort locally to rebuild

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south Korea's industry, but production in large industrial plants is currently at less than 20% of capacity.

The population of south Korea has increased by two million through repatriation of Koreans from other countries and an influx of refugees from north Korea. This has posed a difficult problem of employment and food supply.

Rice, the basic commodity of Korean economy, is in short supply because of failure of the Japanese to provide adequate fertilizer during the war years and inability since the surrender to secure fertilizer, either from the Soviet zone or as imports. In addition the 1946 crop was seriously damaged by floods caused by deforestation. During 1946, 650,000 metric tons of food had to be imported to make up for this and other food crop deficits.

The railway transportation system, which is particularly necessary to the economy in view of the mountainous terrain, was allowed to deteriorate by the Japanese. The removal of Japanese technicians and operators left a void which military government has found difficult to fill. New rolling stock and urgent right-of-way maintenance were necessary to prevent a complete breakdown of this basic means of transportation.

Bank of Chosen note circulation has increased from 8,621,000,000 yen in December 1945 to 17,400,000,000 yen in January 1947. Open market prices are rising sharply, having increased about 30% during December 1946. The excess of government expenditures over revenue is currently running about 700,000,000 won (yen) per month.

The south Korean economy, although in better shape than that of north Korea, is in a critical position and substantial assistance will be necessary to make possible the development of the sound economic conditions which are essential to a healthy political and social development.

3. Cultural and educational situation.

The task of reeducation and reorientation of the Korean people after almost a half century of Japanese domination

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is an Herculean one. First of all, there is widespread poverty. Secondly, while accurate figures are not available, the Korean literacy rate is estimated to be between 20% and 45%. Finally, there are acute shortages of personnel, school plant, and teaching materials. Korean educators are attempting with the aid of the U.S. to replace an educational system and plant which have been since 1910 designed deliberately to serve Japanese ends. With a considerable increase in school enrollment, since the Japanese surrender, what was already an inadequate and antiquated school plant is now taxed to the utmost. As of June 1946 about 1,650,000 children in the age group 6-18 were in school although actual existing school capacity was limited to 1,387,000. As a result, double shifts in attendance have been necessary in many cases, and immediate compulsory attendance for all grades has been delayed, it is estimated, until 1952. Literally thousands of new teachers in all subjects are needed. In June 1946 it was estimated that there were 26,500 teachers in south Korea, but this figure includes a great many who were placed in teaching positions despite almost complete lack of qualifications or training, simply because teachers were so badly needed. There is practically no science or laboratory equipment, and only the most inadequate supply of instructional and classroom materials. What is most important for the future of Korean education, there is a crying need for American technical skill and advice.

C. Northern Korea.

1. Political progress and current situation.

The "people's committees", organized in Korea in the closing days of the war, and dominated in most instances by leftists, were the bases upon which the U.S.S.R. forces built their government in north Korea. In October 1945 after some reorganizations, notably in P'yongyang, a series of elections was held up through the provincial level to legalize the local people's committees. These elections were apparently not successful from the Soviet point of view as, beginning in

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February 1946, the committee at P'yongyang sponsored a purging process involving expulsion from local committees of persons antagonistic or neutral toward the U.S.S.R. This operation was aided by Communist-dominated "peace preservation corps" to which the Soviets gave the arms and authority of the former Japanese-controlled police forces. As the local committees acquired a satisfactory political complexion the Soviet army commanders ostensibly turned over to the committees the governing authority in local areas, and the appearance of local self-government was achieved.

The centralization of control over the local people's committees, and the rounding out of the governmental framework in north Korea were also begun early in 1946. In February, a "Congress" said to represent political, trade union, peasant, and other social and cultural groups chose an "Interim People's Committee" as the central governing body for north Korea. Reported to contain only two non-Communists, the election of this body was doubtless a confirmation, for the sake of publicity and apparent legality, of leaders previously approved or selected by the Soviet authorities. According to its announced program, the Interim People's Committee, now termed the "Provisional People's Committee", has jurisdiction over land reform, industrial development, transportation, communications, business, banking, justice, education, labor, and public peace for the Soviet-occupied zone.

In November 1946, election for members of the people's committees up through the provincial level again were held. The incumbent committees were the main nominating agencies; a slate listing only one candidate for each position was presented, and the voting in most instances was "open" with a separate box for ballots cast against the official slate. Suffrage was extended to all over 20 years of age, except Koreans adjudged pro-Japanese and those without civil rights or with families abroad or in south Korea. Russian sources reported that 4,208,551 votes were cast, representing 96.9% of the eligible voters. Ninety-nine per cent of the 1800 official candidates were elected.

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The Congress of People's Committees began its 1947 session on February 17. From reports thus far received, this body appears to perform the functions of like agencies in the U.S.S.R., that of listening to reports of the laws enacted by the central or interim committee, hearing speeches supporting the action of the government, and giving its unanimous endorsement to the laws and policies presented.

The Soviet military are withdrawing from the administration of civilian affairs and there are indications that the Soviet Military Government is being de-activated.

Control over the Korean-staffed governmental framework in north Korea is achieved primarily by the paralleling series of Communist Party organizations, often indistinguishable from, and always a faction within, the governmental committee hierarchy. Support for proposed or accomplished governmental action is secured through a series of similarly controlled organizations embracing such economic, social, and cultural groupings as peasants, labor unions, women, youth, and others. All are combined into a Democratic People's Coalition Front. With pressure exerted to force every person into one of these organizations, the dissident individual voice is lost in that of the organization which speaks for him. Organizations outside of the official hierarchy are dealt with by infiltration or suppression. The Soviets are reported to be recruiting, arming, and training a Korean military force the strength of which is variously estimated up to 500,000.

Today, despite the use of Koreans in administrative positions, authority in north Korea continues to be in Russian hands, and despite the framework designed to eliminate contrary views, some opposition still exists. Ex-Democratic Party members, some Christian and youth groups are known to have resisted Soviet-sponsored measures. Other opposition has been directed against specific policies of the government, such as the trusteeship issue, the heavy taxes in kind, and the actions

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of the Soviet troops. No widespread revolt is likely to occur, however, because of the general approval of such reforms as those embodied in the land and labor laws, because of the authoritarian nature of the government, the strictness of its police measures, and, finally, because of the presence of Soviet troops in north Korea.

2. Economic situation.

The major portion of Korea's natural resources -- hydroelectric power, minerals and coal -- are found in north Korea accompanied by the corresponding heavy industries. Initially the Soviet army discharged Japanese technicians, but after an unsuccessful attempt to carry on with the help of Koreans alone, the Japs were brought back to work.

The economic outlook in the Russian zone appears more unfavorable now than in the American zone. Agricultural production during 1946 in north Korea was probably relatively better than in south Korea, due to greater availability of commercial fertilizers and to less flood damage. However, agricultural prospects for 1947 for south Korea are at least as favorable as for north Korea, where Soviet grain collection policies have tended, it is believed, to discourage production. However, the over-all food situation currently appears to be much better in the southern half of the peninsula because of more equitable distribution of available foodstuffs, greater cereal imports from abroad, and the contrasting policies of the two occupation armies, with the Red Army largely living off the land and, according to numerous reports, even exporting grains.

Industry and mining in the north appear to be operating at not more than 10-15 per cent of over-all capacity, and production of hydroelectric power has fallen off considerably as a result of inadequate maintenance and repair.

The condition of the railroads is even more serious in north Korea than in south Korea. There has been little attempt to repair or replace worn-out rail equipment and only the most casual attempts at maintenance. The recall

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of Jap technicians to the railroad shops has been necessary to prevent complete stoppage.

III. IMPORTANCE OF KOREA TO THE U.S.

A. Strategic.

The U.S. has little strategic interest in maintaining troops or bases in Korea. In the event of hostilities in the Far East present forces in Korea would be a military liability to the U.S. They could not be maintained there without substantial reinforcement prior to the initiation of hostilities, a move which would have no military advantage, since any offensive operations which the U.S. might wish to conduct on the continent of Asia would in all probability bypass the Korean peninsula. However, should an enemy be able to establish and maintain strong air bases in the peninsula, he would be able to interfere with U.S. communications and operations in East China, Manchuria, the Yellow Sea, Sea of Japan and adjacent islands. In the event of hostilities, this would necessitate the diversion of air strength which could otherwise be employed in a strategic offensive, to the strategically defensive operations of neutralizing such enemy bases. This would, however, be more efficient and less costly than large scale ground operations.

The above brief strategic analysis of the situation in Korea has a direct bearing on the problems considered in this report. The U.S. has at present only a negative military interest in maintaining troops in Korea, but control of all of Korea by Soviet or Soviet-dominated forces, while not immediately serious, would constitute a strategic threat to U.S. interests in the Far East. It would, therefore, appear that from the strategic point of view it is in the best interests to the U.S. to endeavor to ensure the permanent military neutralization of Korea.

An additional and important politico-military consideration, affecting our strategic interest, is the effect which the spread of Communist influence in Korea would have on neighboring

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areas. The present position of the Soviets in north Korea, taken in conjunction with their occupation of the Liaotung Peninsula, enables them to place enormous political pressure on Manchuria and, thus, on China. Similarly the political effect of unhampered Communist control over all Korea would have serious political and military implications in Japan. The Japanese, like all Orientals, watch closely the signs of shifting policy. There might result a growing unrest among the Japanese people because of their uncertainty regarding future U.S. policy in the Far East, and their fears of expanding Soviet influence. This, particularly in connection with the return from Siberia of Communist-indoctrinated Japanese prisoners, might result in a sharp increase in our manpower requirements in Japan.

B. Political

1. The United States has long been interested in the progressive development toward independence of dependent and suppressed peoples in the Far East. This basic policy motivated our grant of independence to the Philippines in 1946, our initiative at the San Francisco Conference in 1945 in obtaining agreement for inclusion of a chapter on international trusteeship in the Charter of the United Nations, and our acceptance of a commitment to ensure a free and independent Korea. This policy has increased the confidence of dependent peoples in the United States and enhanced our position in the Pacific. A failure fully to live up to our Korean responsibilities would result in immediate damage to our position in dependent areas and those regions immediately subject to Soviet pressure, a development which would seriously affect our interests throughout the world.

2. Korea is strategically located in northeast Asia close to both China and Japan, where we have extremely important political interests, and is adjacent to Soviet territory and vulnerable to Soviet influence. As pointed out in the preceding

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section, developments in Korea have an important bearing on our political interest in these neighboring areas. A Soviet dominated Korea would constitute an extremely serious political and military threat to Manchuria, north China and Japan. The grave political dangers to the United States of such a development need no elaboration in view of the recognized importance of our interests in those areas.

3. Korea at the present time is the only place in the world where the U.S. and the U.S.S.R. stand face to face alone. It is a testing ground for the effectiveness of the American concept of democracy as compared to Soviet ideology. If sufficient support is not forthcoming to give our democracy a fair trial in Korea, other peoples and countries throughout the world will instinctively question both the effectiveness and virility of the United States and its form of government.

4. Korea's principal political importance to the U.S. is, perhaps, the effect of developments there on the whole course of Soviet-U.S. relations. It is important that there be no gaps or weakening in our policy of firmness in containing the U.S.S.R. because weakness in one area is invariably interpreted by the Soviets as indicative of an overall softening. A backing down or running away from the U.S.S.R. in Korea could very easily result in a stiffening of the Soviet attitude on Germany or some other area of much greater intrinsic importance to us. On the other hand, a firm "holding of the line" in Korea can materially strengthen our position in our other dealings with the U.S.S.R.

C. Economic

While Korea has no important economic significance to the U.S., as an independent country with a revived and unified economy there may be a small market for U.S. exports, especially raw cotton and miscellaneous manufactured goods. The U.S. may purchase a few things from Korea such as graphite, fish products,

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handicraft wares, but nothing of any strategic importance. A stabilized Korea may also provide a field for the investment of a limited amount of U.S. capital. From a negative standpoint certain Korean resources, such as the hydroelectric power, and her heavy metals and chemical industries, are of such importance that the U.S. must be concerned if they remain under the control of an agressive and expanding power. From the same standpoint the possession of her rail system, which connects the complementary industrial establishments of Korea, Manchuria, the Soviet Far East and Japan, and the control of any of these areas by an unfriendly power, would contain dangerous implications.

IV. POSSIBLE COURSES OF ACTION

A. Without Agreement with U.S.S.R.

1. Continutation of present policies and programs.

The present U.S. program in south Korea (which provides for the use of Koreans in political, administrative and technical positions under military government supervision, and for limited imports of food and other essentials to prevent disease and unrest) was based on the assumption that the provisions of the Moscow Decision would soon be carried out. Consequently this program was intended to be only an interim one. The successful operation of even this limited program has been hampered by insufficient funds and lack of Korean cooperation. Consequently, present conditions in Korea are deteriorating rather than improving. If this trend continues, it is apparent that our position in Korea will soon weaken to a point where it may become untenable. The Korean people are daily growing more antagonistic in their attitude toward military government, toward U.S. objectives in Korea, and even toward the U.S. itself. These antagonisms have already caused riots and disorders involving loss of life. There is every reason to expect an increase in the use of tactical troops to suppress disorders with all the attendant complications in world public opinion. It is therefore obviously extremely unwise to rely solely on present ineffective programs.

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2. Recognition of Independent Government in South Korea.

Both in the U.S. and in Korea there is some pressure, inspired principally by the Syngman Rhee group, for the recognition by the U.S. of the independence of south Korea. Many Koreans, anxious for independence, angered by the proposed trusteeship, and thoroughly discouraged by the failure of the U.S. and the Soviets to get started even at that, are clamoring for independence. Superficially this might appear to be a step which would enable the U.S. to shed some, at least, of the burdens which are proving so onerous. However, it is questionable if this single act will solve any of the present problems, either of the U.S. or the Koreans. It seems certain, on the other hand, that whether or not accompanied by withdrawal of U.S. forces, to grant immediate independence to south Korea would create new difficulties.

Recognition of her political independence will not solve the economic problem of southern Korea. Only unification, and a program of outside aid in rehabilitation can do that. The U.S., the only practicable source for such aid, will be more likely to make grants to a people for which it has direct responsibility than to an independent country. No loaning agency could consider south Korea an acceptable risk.

From the standpoint of the U.S., of course, an independent south Korea might provide an excuse for ending our financial assistance, but it would mean starvation and economic chaos in south Korea, a development for which the U.S. could not, in good conscience, allow itself to be responsible. Moreover, it would represent a direct breach of our commitments, both to our allies and to the Koreans, to establish a united and truly independent Korea. These commitments are important as a pledge to a liberated people whose treatment by the great powers is watched with concern by all small powers and dependent peoples

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throughout the world. This fulfillment is important as evidence that U.S. foreign policy is based upon fundamental principles which will not be abandoned. And again, regardless of whether we withdraw our forces or not, our recognition of the independence of southern Korea would inevitably be the signal for a concerted effort to bring all of Korea under the political control of groups more interested in cooperating with the U.S.S.R. than in promoting the welfare of Korea. Our ability to counter such a campaign, not an easy thing to do under the best of circumstances, would be greatly hampered in an independent south Korea.

Of course, if our recognition were accompanied by a withdrawal of U.S. forces, it would be obvious to the world that the U.S. had suffered a complete political defeat in a test of strength with the Soviet Union in the only area where we and the Soviets stand face to face alone. It is improbable that the U.S. could unilaterally establish safeguards which would assure that an independent southern Korea would not fall under Soviet domination. The effect on world power relations, however, would almost certainly far transcend the mere transfer of southern Korea from the U.S. to Soviet control. The loss of U.S. prestige and influence, and the consequent increase in Soviet influence and power, would have prejudicial repercussions not only on U.S. interests in the Far East but on the entire U.S. world position.

If, on the other hand, we should make our recognition conditional on permission for our troops to remain, we could hardly hope to avoid reaping the antagonism and ill-will which seem the inevitable lot of foreign troops quartered in a proud and independent nation. Not only the Koreans, but many other nations would condemn the U.S. Furthermore, it is difficult to see how the presence of U.S. troops could effectively offset any of the disadvantages described above which would result from a recognition by the U.S. of the independence of south Korea.

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3. Reference of problem to Foreign Ministers or UN.

Unilateral action by the U.S. to refer the Korean problem to the Foreign Ministers who participated in the Moscow Agreement or to the United Nations (presumably the Security Council) would be unsatisfactory because (1) it would in effect be an admission by the U.S. of failure in Korea and would thus have a most damaging effect on U.S. prestige; (2) it would undoubtedly be countered by the Soviets with the assertion that the U.S. is committed to an international agreement regarding Korea which it refuses to implement, thus putting us in a most disadvantageous position; and (3) it is hardly likely that a unilateral attempt by us to bring additional protagonists into the Korean situation would result in hastening a solution to the problem. The various factors involved in possible prior agreement with the Soviets for reference of the problem to an international body are discussed below in IV-B.

If, however, all other attempts to solve the Korean problem should fail, it might eventually become desirable to refer it to the United Nations. This cannot be done until it is conclusively demonstrable that the Soviet Union is deliberately preventing a solution of the Korean problem. Such action, of course, should not be taken without carefully weighing the importance of a Korean solution against the possible repercussions resulting from another open U.S.-Soviet dispute in the United Nations.

4. Adoption of an agressive positive program for south Korea.

As pointed out in IV-A-1 above, a continuation of our present essentially interim and ineffective program is unsatisfactory. As discussed in IV-B-1 below, any attempt to approach the Russians regarding a solution of the Korean impasse, while we appear to be so halfhearted in carrying out our responsi-

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bilities in our zone, would in all probability be rebuffed. It therefore appears necessary, if we are to remain in Korea and to achieve any success in solving the Korean problem, to initiate an agressive, positive, long-term program. Even though basic agreement on the Korean problem may be reached with the Soviets in the future, the U.S. cannot postpone positive action in southern Korea pending such agreement.

Such a program would have the following advantages:

(i) It would show the Russians that we have no intention of allowing Korea to fall into their hands by default.

(ii) It would strengthen our position in any future negotiations with the Soviets. For example, if it is obvious that we are determined to expend money and effort during the next few years to ensure Korean independence, the Soviets will realize that if they are to retain their present position in Korea they will either have to expend funds and effort of their own, which they would be reluctant to do, or be willing to retreat from their present position.

(iii) It would provide a sound basis for the development of a country which will be able to maintain its independence after U.S. and Soviet withdrawal.

(iv) Any new program which provided for adequate civilian relief and rehabilitation in Korea would make the Koreans more cooperative and thus strengthen our position in that country under any circumstances.

In order to succeed, such a program must be supported by sufficient funds in the form of Congressional appropriations to finance the substantial political, economic and

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cultural measures required to bring about the economic rehabilitation of southern Korea and to prepare the country for early and complete independence. Lacking such funds, we will fail to meet our international commitments in Korea. The essentials of such a plan are outlined in Appendix "A". This plan calls for the appropriation of $230,000,000 for fiscal 1948. In view of the present temper of Congress, the outlook for approval of this sum is not encouraging. It should, however, be possible to obtain Congressional action which would greatly strengthen our position in Korea. Passage of the authorizing legislation alone would have a great psychological effect. The above $230,000,000 involves an increase in the budget of only $93,000,000, as the War Department occupied areas budget -- which it is hoped will be approved -- includes an allocation of $137,000,000 for Korea.

B. In collaboration with the U.S.S.R.

1. Desirability of governmental negotiations.

a. Status of local negotiations.

General Hodge is, as pointed out in II-A-6 above, corresponding with the Soviet Commander with a view to reaching agreement on a formula for reconvening the Joint Commission. It is improbable that agreement will be reached under present conditions, as the Soviets are apparently unwilling to change their position and the U.S. is unable to make further concessions from the position taken in General Hodge's letter of December 24, 1946, without compromising our basic belief in freedom of expression, and risking Soviet domination of all of Korea. Thus, under present circumstances, we cannot anticipate progress toward solution of the Korean problem through negotiations on a local level in Korea.

There is, however, nothing to be gained by formally breaking off these negotiations. By allowing the situation to drag on along its present lines, the door remains open for Soviet concessions if and when the operation of our

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positive program and other developments in Korea convince the Russians that it is to their interest to retreat from their present intransigeant position. Any further negotiations in Korea should be kept strictly within the terms of the Moscow Agreement and any contemplated modification thereof should be discussed on a governmental level.

b. Disadvantages.

An approach to the Soviets on a governmental level under present circumstances has certain disadvantages:

(i) Without any evidence of a firm U.S. determination completely to fulfill our Korean responsibilities, such an approach would undoubtedly be regarded by the U.S.S.R. as a "lead from weakness" and could therefore not be expected to result in progress towards a solution of the Korean problem. The Russians, anticipating U.S. concessions if they continue their intransigeance, could be expected to reject our approach or, more probably, give a procrastinating reply or no reply at all. The impression of weakness engendered by such an approach might persist to some extent even after the initiation of a positive program in our zone, and thus prejudice future attempts to reach an agreement.

(ii) An approach now, or in the near future, might prejudice our over-all position vis-à-vis the U.S.S.R. The Committee is not in a position to evaluate this factor. It is noted, however, that governmental approaches have been made to the U.S.S.R. on other matters where, even though the approach appeared foredoomed to failure, it was felt important to make clear to the Soviets and to the world that the U.S. would adhere to its international commitments.

c. Advantages.

A governmental approach would also have advantages:

(i) Most important it should greatly ease the position of the occupation authorities. Lack of any

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substantial action by the U.S. Government has apparently given many Koreans the impression, which may be shared by the Soviets, that the U.S. has no great interest in the Korean problem and has more or less abandoned General Hodge to his own devices. An early governmental approach would provide positive evidence to the Koreans of our desire for early Korean independence. Until such evidence is forthcoming it will undoubtedly become increasingly difficult to maintain our position in the face of constantly growing Korean impatience.

(ii) Congress will not approve special Korean legislation without a careful analysis of the record of our Korean negotiations with the U.S.S.R., and will wish to be assured that every possible step has been taken to reach agreement before it approves special legislation. The fact that a governmental level approach had been made would be added evidence of the extent of our attempts to implement the Moscow Agreement. Absence of such evidence might lead Congress to question the need for the desired legislation or at least to defer approval pending results of a governmental approach. On the other hand, it might be possible to persuade the Congress that a strong affirmation of U.S. purposes in Korea, expressed by Congressional approval of a three-year program, is needed in order to enable us to approach the Soviets on a sufficiently aggressive basis to give hope of securing a settlement satisfactory to us. Evidence of further Soviet procrastination, even if only for a month or two, will clearly indicate to Congress the necessity for special legislation if we are ever to achieve a solution in Korea.

It is believed that on balance the advantages of making a governmental level approach to the U.S.S.R. in the near future outweigh the disadvantages.

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2. Timing of appreach.

It is unlikely that discussions with the Russians would result in substantial progress toward a settlement if made before a positive program is actually in operation in south Korea. However, they would have much greater chance of being substantially effective if accompanied by some evidence of our determination to carry through in Korea, such as a strong Presidential statement submitting Korean legislation to Congress. It is suggested, therefore, that the timing should be thus coordinated if this can be done without unduly delaying the approach. In order to be effective for its purposes (in Korea and vis-à-vis Congress), it should in any event be made before the conclusion of the coming Moscow Foreign Ministers' meeting.

3. Substance and manner of approach.

The tactics of our action are important to the successful liquidation (partial or whole) of our commitment in Korea. To be successful we must avoid the appearance before the world of abrogating a formal international commitment because of weakness, or Soviet pressure or both. Furthermore, any direct initial proposal to the Soviets deviating from the Moscow Agreement would result in vigorous Soviet accusation that we were failing to live up to our agreements. Under these circumstances, therefore, it appears that our initial approach to the Soviets should be a formal and stiff demand that the Moscow Agreement be implemented. The result which is desired from this approach is a general, but clear cut, agreement which will result in definite progress toward Korean independence. If possible this agreement should provide for specific guidance to the negotiators (presumably the Joint Commission) who will elaborate the details. The minimum results which we should seek to achieve from the discussions in Moscow should be an agreement whereby the two governments will (1) direct the Joint Commission to reconvene at once and (2) will set a definite date (such as August 1, 1947,

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or the next Foreign Ministers Conference) for a governmental review of the progress of the Joint Commission. Discussed below are specific proposals which the United States could make to expedite attainment of the ultimate objectives of the Moscow Agreement. It may, of course, be necessary to vary considerably from these suggestions during the course of negotiations, the details of proposals and counter-proposals being worked out in the light of day to day developments.

a. It might be possible to fulfill the consultation provisions of the Moscow Agreement by avoiding a definition of "democratic organization" and having the Joint Commission divide into two sections, a northern (Soviet) section which would consult with organizations in north Korea and a southern (U.S.) section which would consult with organization in south Korea, each section establishing its own rules of procedure. A provisional government might then be formed by amalgamating a northern Korean group with one from southern Korea, the groups being proportionate in size to the population of the two zones.

b. A possible proposal would be an abridgement of the Moscow Agreement which would bring about early trusteeship through the elimination or simplification of the steps of consultation and establishment of a provisional government. For use in the event such an opportunity arises, there is attached, as Appendix "C", a draft trusteeship agreement which is believed would be acceptable to us and to which it might be possible to obtain Russian agreement. In this regard consideration must be given to the inevitable Korean resentment if a trusteeship is established without consultation with Koreans. Some form of consultation, therefore, perhaps of the sort suggested in subparagraph a above, should be contemplated.

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c. It is desirable to propose that the strength of both occupation forces be reduced to a designated level (such as 40,000 or less in each zone) through mutual withdrawals of United States and Soviet troops from each zone within certain time periods. Considerable care must be exercised in framing and in discussing such a proposal for the reasons discussed in subparagraph d below.

d. While our ultimate objective must be withdrawal from Korea and independence for Korea at the earliest date consistent with Korean capabilities for self-government, it is believed that the United States should not make an initial proposal for complete mutual withdrawal from Korea and abandonment of the trusteeship provisions of the Moscow Agreement. The Russians already suspect our motives in having proposed and suggested to the Koreans that a trusteeship may not be necessary. Furthermore, if there is not a period of trusteeship there is likely to be wide-spread civil war and chaos in Korea. As discussed in section IV, B, 4 below, however, it is quite possible that the Soviets may propose early mutual withdrawal by both nations. The United States cannot accept the political onus of disapproving with such a proposal, and must, therefore, immediately agree in principle to such a proposal subject to adequate safeguards to Korean political and territorial integrity.

e. Consideration might be given to referring the Korean problem, in agreement with the U.S.S.R., to the Security Council of the United Nations. An attempt to obtain Soviet agreement to such action would have the same disadvantages, in reduced measure, as United States unilateral action along the lines discussed in paragraph IV, A, 3 above, and is therefore undesirable unless no more promising courses are available to us.

4. Possible Soviet proposals for mutual withdrawal.

Either as a propaganda move to take the initiative in breaking the present deadlock in Korea, or as a counter-proposal

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to the U.S. approach discussed in IV, B, 3 above, the Soviet Government might suggest that both the U.S. and Soviet forces withdraw simultaneously from Korea. As has been pointed out in Section II C, the economic situation in north Korea is worse than in the south, largely because Soviet forces are living off the Korean countryside. These forces, nevertheless, are a continuing drain on the resources and manpower of Eastern Siberia. There is reason to believe, therefore, that the Soviets would like to withdraw their occupation forces just as soon as they can be sure that the North Korean puppet government and army which they have created will be strong enough and sufficiently well indoctrinated to be relied upon to carry out Soviet objectives without the actual presence of Soviet troops.

The Soviets realize that the easiest, and politically most practicable, way for them to obtain control of south Korea is to utilize trustworthy Korean Communist armed forces as a means of pressure to obtain control or possibly to seize the area after the withdrawal of U.S. forces. In this way, without the onus and dangers involved in overt aggression in Korea, the Soviets would be able to achieve virtual domination of Korea similar to their present control over Poland, Outer Mongolia, Yugoslavia and Albania. They also realize that such a proposal, accompanied by suitable propaganda, would create considerable popular demand in the U.S. for the withdrawal of U.S. troops from Korea. Many Americans, in Congress as well as in the public at large, would see in such a proposal an opportunity to reduce governmental expenditures and to make further reductions in the Army.

There are two alternative courses which the Soviets could adopt in proposing the mutual withdrawal of U.S. and Soviet troops from Korea:

a. Withdrawal of troops, but retention of the present system of U.S. and Soviet administration of the two zones pending implementation of the Moscow Agreement.

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It is most likely that the Soviet proposal would, at least initially, take this form in order not to abrogate the Moscow Agreement. Their propaganda would emphasize this aspect, point out that while the U.S. is delaying implementation of the Moscow Agreement, the Soviets are at least offering to lift the burden of occupation forces from the Korean people. They would count on the fact that, if their proposal were accepted, the U.S. administration in the south would be powerless to prevent the infiltration of Korean Communist troops who would then be able to take over south Korea at any time, either through influencing elections or by overt military action.

Acceptance of such a Soviet proposal would, of course, put the United States in the extremely undesirable position of retaining responsibility for civil administration without U.S. military support. There is a difference of opinion among the members of the Committee on whether public opinion and political pressure in this country would force such acceptance, but there is complete agreement that it should be avoided if possible.

It is therefore felt that the U.S. should respond to such a proposal by agreeing that the earliest possible withdrawal of troops is desirable, should offer to make immediate substantial mutual proportional troop withdrawals, and should make every attempt to expedite implementation of the Moscow Agreement, or if considered tactically advisable at the time, its modification to provide for the expeditious relinquishment of administrative as well as military responsibilities in Korea.

b. Withdrawal of U.S. and Soviet troops simultaneously with independence for a united Korea.

While, as mentioned above, it is doubtful if this would be an initial Soviet proposal, it might well develop as a proposal in the course of discussions.

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It would have the same general advantages for the Soviets as discussed above and would, furthermore, be more likely to gain popular American support. It would probably jeopardize passage by Congress of the three year grant-in-aid legislation, since economy-minded opponents could say that the Soviet proposal proves that the program is unnecessary.

The U.S. should agree at once to the principle of a mutual withdrawal and early independence for Korea, pointing out that this has been the continuing U.S. aim in Korea. However, as this proposal would involve a modification of the Moscow Agreement, the U.S. should propose either (1) a meeting of representatives of the four powers to consider the proposal or (2) a meeting of U.S.-U.S.S.R. representatives to draft a detailed plan for presentation to the other two powers. The Committee is inclined to favor the latter alternative, although decision would have to be made in the light of tactical considerations at the time.

The U.S. should insist that any plan for implementing a mutual withdrawal and early independence for Korea must include as many provisions as possible to safeguard Korean political freedom and national independence. These safeguards might include:

(i) Provisions for setting up of a Korean Government by a body chosen by popular election, each zone being represented by a number of representatives proportionate to its population (this should be the initial U.S. position; it might be modified somewhat in discussions if Russian agreement can be obtained in no other way).

(ii) Some type of guarantee by the United Nations.

(iii) Effective Bill of Rights guarantee.

(iv) Financial assistance and supervision by the World Bank.

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(v) Inspected limitation of armed Korean forces to necessary domestic constabulary, police and Coast Guard, recruited on a representative basis.

It should be pointed out to Congress that if the Soviet proposal is genuine, it will be unnecessary to carry out the expenditures envisaged in the grant-in-aid legislation. It should further be pointed out, however, that nothing is more likely to make the Soviets willing to carry out their proposal than passage of the legislation. Should the negotiations with the Soviets then be successful, the money can be withdrawn by Congress. If the Soviets do not agree to the safeguards we propose, the legislation will still be required.

V. RECOMMENDATIONS

It is recommended that:

A. The program outlined in Appendix "A" be implemented, action to include:

(1) Request to the President to forward to Congress draft legislation for a "grant-in-aid" to Korea and implementing appropriation of $230,000,000 for fiscal 1948.

(2) Allocation of $85,000,000 of the War Department deficiency appropriation for the remainder of fiscal 1947 to Korea.

(3) Gradual civilianization of Military Government in Korea, appointment of a Political Adviser of ambassadorial status and cooperation by State and War Departments in providing him with appropriate staff.

(4) Termination of CINCFE's political responsibilities in Korea.

(5) Issuance of new directive to CG USAFIK.

(6) Intensification of present policies regarding participation of Koreans in government.

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(7) Institution of a publicity campaign in the U.S., including a statement by the President to be issued upon General Hodge's return to Korea.

(8) Despatch of a high level business and industrial group to Korea to make recommendations on economic and financial rehabilitation.

(9) Intensification of public information and education program in Korea.

(10) Printing of a new currency for Korea without delay.

B. The door to be left open to a continutation of current U.S.-U.S.S.R. negotiations in Korea.

C. An early governmental level approach be made to the U.S.S.R. expressing our concern over Soviet obstruction to implementation of the Moscow Agreement.

D. A Soviet proposal for mutual withdrawal of forces from Korea should be approved in principle, subject to the establishment of adequate safeguards assuring the political and territorial integrity of an independent and united Korea.

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SECRET

APPENDIX "A"

OUTLINE

I. Introduction

II. Political Measures

A. Continued use of Koreans in government

B. Extension of use of elections

C. Interim Legislative Assembly

III. Cultural and Educational Measures

A. Improvement of Educational Facilities

B. Training of Teachers

C. Adult Education Program

D. Public Information Program

E. Cost of Program

IV. Economic Financial Measures

A. Self-sufficiency in Food

B. Land Reform

C. Revival of Industry

D. Utilization of Industrial Facilities

E. Employer-Employee Relations

F. Revival of Foreign Trade

G. Improvement of Transportation System

H. Control of Inflation

I. Financing the U. S. Program in Korea

J. Industrial Survey

V. Administrative and Miscellaneous Measures

A. Civilianization of Military Government

B. New Directive to CG USAFIK

C. Publicity in the U.S.

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SECRET

POSITIVE PROGRAM FOR KOREA

I. Introduction.

In order to be vital and effective, the operation of any United States program for south Korea must be based on the following fundamental concepts: (a) The present division of Korea into American and Soviet zones is a temporary measure. (b) Korea is a liberated country and Koreans must be treated with a respect and consideration consonent with the status of their country. (c) American officials in their dealings with Koreans must endeavor to gain the respect and trust of the Koreans and be willing to recognize that Korean methods for solving their own problems may often, in local circumstances, be preferable to American methods even though they are less efficient. (d) At the same time Korea and Koreans must be controlled with the firmness necessary to prevent their lack of experience, reactions to sudden release from Japanese subjugation, and political immaturity from leading them into unwise actions. (e) All steps taken in implementation of the United States program should be calculated to facilitate the earliest possible unification of Korea, the establishment of a free and independent nation with safeguards to insure its continued freedom from foreign domination, and Korean familiarity with and respect for American democratic procedures. (f) The United States is committed to an international trusteeship over Korea for up to five years, a responsibility which will be fulfilled unless modified by international agreement.

It is obvious from the attitude of some elements of the Korean press, from the anti-trusteeship resolution supported by nearly half of the members of the legislative assembly and from the recent strikes and disorders, that many Koreans will not be satisfied with a political program unless it provides for formal recognition of a Korean government and for Korean independence immediately. In spite of this attitude on the part of Koreans and of the need for as widespread Korean cooperation as possible to

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facilitate the success of any American program, the United States Commander must continue to make clear to all elements of the population in south Korea that he cannot abrogate the Moscow Agreement. Some form of interim international control is still considered to be the only practicable means for realization of the unification and independence of Korea. It must be emphasized that the primary American objective in Korea remains complete independence for that country.

The three components of the program described below -- political, informational and educational, and economic and financial -- are inter-related and interdependent. The political program is essentially only an intensification of the policies now being pursued which have not thus far proven satisfactorily effective, but it is believed that much of their ineffectiveness in the past is the result of the economic crisis within Korea and the fact that so far our over-all program has been more tentative and interim than positive and integrated. An economic and financial program which will result in the creation of a healthy economic atmosphere is necessary to the development of a healthy political atmosphere. On the other hand, to solve the food problem, which is fundamental, requires the cooperation of the farmers in the delivery of rice to government collectors, and the cooperation of the urban population in its distribution. Even to begin to solve the inflation problem there must be a great increase in tax revenues, which can only take place if the government and its program have the backing of the great majority of Koreans.

Therefore, an adequate public information program to clarify our aims and objectives to all elements of Korean society and win the cooperation of educated Koreans is essential to the success of our operations in the political and economic fields. An educational program which contributes to the

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increase in technical knowledge and skills of the Koreans will greatly assist the program of economic rehabilitation. A general extension of literacy will in due course facilitate democratic processes of government. Each component of the program is thus vital to the success of the whole.

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II. Political Measures.

The timing and details of implementation of a political program in Korea must be at the discretion of the US authorities on the spot. The following comments are, therefore, intended merely as general indications of the lines it is believed profitable to follow:

A. Continued use of Koreans in government.

The United States authorities in Korea should continue the policy of using local, regional and national Korean agencies in the governmental administration. As much executive responsibility as practicable should be given to these agencies and American officials should continue to act as much in an advisory capacity as possible.

In this connection it is believed that special emphasis should be given to stimulating healthy Korean governmental activity on local and provincial levels. By taking an active and responsible part in the affairs of local and provincial government the Korean people will receive the speediest and most efficient education in the problems of democratic government. The average Korean will be able to judge the effectiveness of his own leaders in this sphere of government much more easily than on a national scale and irresponsible actions of professional politicians will be more readily curbed. At the same time natural Korean leaders will have an opportunity to prove their worth and gain valuable experience which will stand them in good stead as Koreans take on more and more governmental responsibility.

Every effort should continue to be made in the appointment of Koreans to administrative posts, to select Koreans from all political groups, having due regard to the proportionate political strength of such groups. Wherever possible appointments of extremists of either the right or the left should be avoided. No Koreans, whether representing totalitarian leftists such as the Communists or extreme rightist elements such as the members of the Kim Koo-Syngman Rhee group, would be representative of

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the Korean people as a whole and mutually acceptable to the United States and the Soviet Union. Selection of Koreans from various political groups representing the center, such as Kim Kyu Sik, would greatly facilitate the political unification of Korea.

Wherever feasible elections by secret ballot should be used for the selection of Korean officials. It will probably be possible and every effort should be made to make it possible for nearly all local officials, particularly in the villages and towns, to be chosen from local leaders by democratically organized elections. It would be undesirable, however, for all positions to be filled by election. Appropriate key posts, particularly in the national administration, should be filled by appointment on the basis of professional competence. In this way the undesirable influence of self-styled leaders who have no program other than office holding could be minimized and encouragement be given to drawing into public life non-political and competent Koreans who may now be deliberately keeping out of the current political maneuvering.

B. Extension of use of elections.

Emphasis should be placed on the early passage by the Interim Legislative Assembly of a national election law which will enable the development of elections on a more democratic basis than the traditional Korean system now used. Special effort should be made to develop laws governing local and provincial elections so that the policies mentioned in the preceding section may be carried out.

Encouragement should be given to the use of electoral processes not only to choose between rival candidates but also to decide controversial issues. If all parties tend to advocate similar programs, then elections become merely a picking of personalities, and the voters have no grounds on which to judge performance and no basis upon which to turn out an officeholder at a later election. If, on the other hand, issues and the satisfactory implementation of a candidate's avowed policies can

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be made the paramount consideration then the professional politicians will have to take a stand on issues in order to stay in business. Working from the local units up to the national level along these lines should create a sounder electoral framework for Korea.

In view of the near unanimity of Korean feeling on trusteeship this question is not a good controversial "issue" in the sense of the preceding paragraph. This as well as more general considerations indicate the advisability of avoiding trusteeship as an issue as far as possible. At the same time Koreans should not be encouraged to anticipate that, in the words of the Moscow Decision, measures "for helping and assisting (trusteeship) the .... progress of the Korean people .... and the establishment of the national independence of Korea" will not be undertaken.

C. Interim Legislative Assembly.

The Interim Legislative Assembly for south Korea should be continued. If, as a result of the anti-trusteeship resolution adopted on January 20, 1947, or other future developments, the successful continuance of this body is impossible, it should be dissolved but a successor with similar functions and authority established as soon as practical. Other advisory groups, such as the Korean Democratic Council, should be deprived of all official status and encouraged to dissolve. Every effort should be made to convince the leaders of the legislative assembly that they can make their greatest contribution toward the early unification and independence of Korea by the passage of draft legislation on such basic problems as industry, finance, land ownership, the judicial system, fundamental human rights, and trade unions.

To assure closer integration of the executive branches of the government with the legislative assembly, the heads of the various departments of government in south Korea should appear before the assembly at regular intervals to report on the progress of their respective departments. Each department should

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be expected to make an annual or semi-annual report to both the assembly and the United States Commander. Wherever feasible, heads of the departments of the government should be selected from among the members of the assembly. However, as pointed out in Section A above, care should be taken in making appointments to public office to the end that high governmental posts should as far as possible be kept in the hands of Koreans who are at least as competent at their jobs as at getting votes.

The United States Commander should appoint, when he considers it appropriate, an "advisory cabinet", composed of heads of the departments of government and the chairman and leaders of the majority and minority parties in the assembly, to assist him in his task.

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III. Cultural and Educational Measures.

A. Improvement of Educational Facilities.

The educational facilities of south Korea must be improved if the lack of both rudimentary and technical education under the Japanese rule is to be overcome. The majority of textbooks were written in Japanese and must be replaced by textbooks written in the Korean language. Enrollment in educational institutions must be increased. Textbooks must be provided to take care of these requirements and also for replacement of worn out textbooks on a periodic basis. The major portion of these textbooks will have to be imported because the small printing industry of South Korea has neither the plant nor supplies of paper to do the job. As the rehabilitation of the South Korean paper products industry is carried out under the grant-in-aid program, it will be possible to print more textbooks in Korean plants, using Korean paper.

New school buildings and laboratories will have to be constructed to provide the facilities needed for enlarged enrollment and for greater emphasis upon technical studies. The Japanese followed a policy of centralizing all research facilities and scientific laboratories in Japan. This deficiency must be overcome by construction of new buildings and remodeling of old buildings. Maximum use will have to be made of existing buildings through double shifts and through consolidation of educational institutions. Entrance examinations will have to be stressed in order to insure that only capable students are accepted for instruction.

Libraries must be renovated and constructed to relieve the shortage of textbooks and standard works and to compensate for inadequate library facilities under the Japanese regime. The libraries will also be an essential adjunct of the programs for adult education, teacher training and public information. All means should be used to enlist private American aid, such as through the Carnegie Foundation, to develop a satisfactory library system.

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B. Training of Teachers.

A teacher training program must be put into effect to increase the numbers and qualifications of teaching personnel and to permit replacement of those teachers indoctrinated with Japanese ideas. The repatriation of all Japanese from South Korea has meant a sizeable decrease in the number of teachers available. Many teachers also received their training in Japan and became indoctrinated with Japanese ideas. Teachers qualified to instruct in technical subjects were kept at a minimum by the Japanese. In order to train adequate numbers of teachers, it is planned to conduct summer and special schools, special institutes and evening classes for teachers and also to develop normal schools.

A major limiting factor in our efforts to speed up educational processes within Korea is the difficulty of inducing American civilian instructors to go to Korea. Housing facilities for dependents of American personnel have been short. Few American civilians are willing to go to South Korea without their families. Training of teachers in Korea must be supplemented by the training of Korean teachers in the U.S. In addition, prospective Korean teachers trained in the U.S. learn more of advanced American educational techniques and also become acquainted with American ideas about democracy.

C. Adult Education Program.

The personnel needed to assist in the rehabilitation of Korean agriculture, industry and transport are needed immediately. Education through normal processes in day schools and normal schools will take a great deal of time. An adult education program in evening schools, in factories and towns and through the use of press, radio and motion pictures, is necessary to increase literacy and teach rudimentary technical skills. In a country where illiteracy is reputed to be as high as 80% and even semi-skilled labor is lacking, such a program should show immediate results.

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The buildings developed for daytime education can be used for the adult education program. Additional teachers will, however, be required and an additional burden will be placed on public information facilities.

D. Public Information Program.

A public information program utilizing newspapers, radio, motion pictures, slide films, displays, etc., must be stressed as a supplement to the daytime educational program and the adult education program. Many Koreans who cannot read, who have limited vocabularies, and who cannot attend evening classes can be reached through a public information program. Newspapers will reach the literate. Radio programs and sound motion pictures will reach those who cannot read and those in the rural areas. Sound motion pictures in Korean and using Korean actors must be produced. The radio transmitting station in Seoul must be improved and wide distribution made of inexpensive receiving sets. Newsprint must be imported and Korean journalistic techniques improved.

In addition to its general importance as an education devide, the public information program will be useful in obtaining acceptance of American policies in Korea and in telling the Koreans about the U.S. and its principles. We cannot afford to let propaganda emanating from the northern zone of Korea and from the USSR proper go unchallenged. All information media must be used for this purpose. U.S. news agencies in Korea must be supported, broadcasts from the U.S. must be re-broadcast in Korea. Libraries must be used as information centers on U.S. occupation policy and on America itself.

E. Cost of Program.

It is estimated that to implement the program set forth above will require funds in the amount of $6,000,000, $5,000,000 and $4,000,000 in fiscal years 1948, 1949 and 1950, respectively. The total for the three-year period of the grant-in-aid program is estimated at $15,000,000, or 2.5% of the total request of $600,000,000. The proposed breakdown of expenditures for fiscal year 1948 is presented below:

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SECRET

Item	Grant-in-Aid FY 1948
Textbooks	$ 1,530,000
Educational Supplies and Equipment	750,000
Teacher Training	510,000
Adult Education	50,000
Interchange of Persons and Materials	900,000
Press Supplies and Activities	500,000
Radio Broadcasting and Receiver Equipment	1,000,000
Film Rawstock and Projectors	600,000
Libraries	110,000
Photographs and Posters	50,000
Total:	$ 6,000,000

N.B. Figures do not include an estimated $425,000 for FY 1948, which it is assumed, will be supplied from an overall administrative personnel appropriation.

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IV. Economic and Financial Measures

A. Self-Sufficiency in Food

South Korea can be self-sufficient so far as basic food requirements are concerned. Barring bad crop conditions, adequate imports of fertilizer over a two to three year period and an efficient transportation system can accomplish this. It is estimated that the amounts of fertilizer required annually will be 255,000 metric tons of ammonium sulphate, 315,000 metric tons of phosphate rock, 153,000 metric tons of ammonium nitrate and 40,000 metric tons of potassium sulphate, at an annual cost of $23,000,000. Until there is a unification of Korea, imports of fertilizers on something like this scale will have to continue. The cost of these imports, however, would be far less than the cost of the food imports which would otherwise be necessary.

To supplement the scanty supplies of fats and animal proteins secured through agricultural production, an expansion in fishing operations is highly desirable. The fish are there but it is necessary to expand the fishing fleet, to provide fuel, salt and other supplies. In addition to improving the domestic diet, an expansion of fishing can provide fish products for export, primarily to the U.S.

In addition to these steps, work must continue on a number of long term programs, including reforestation and other measures to diminish the flood danger arising from the present eroded condition of the mountainous countryside which makes up nearly all of south Korea. Improved seeds, extension of acreage under cultivation, and the completion of irrigation projects started by the Japanese will all help in time to increase food production.

Reference must be made here to the dependence of any program for making Korea self-sufficient in food on an adequate rehabilitation of the Korean transportation system, discussed more fully in G below. Fertilizers cannot be distributed to farms and food cannot be moved from farms to cities unless the transportation system can operate on regular and adequate schedules.

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B. Land Reform

The revival of Korean agriculture depends in part upon a reform of the land holding system. Reform of land tenure to give tenants more incentive to make permanent improvements can give an important boost to farm output in addition to winning the support of tenant farmers for our program in Korea. In implementing such a program, it is necessary to rely heavily upon the advice of the Interim Legislative Assembly in order to preserve this as an area of Korean decision. Such a program of rural reform should include provisions for: tenant purchase of land at annual installment rates commensurate with tenant income; provision for purchase of farm lands from non-operating owners at equitable rates; reasonable protection of former tenants against reversion to tenancy status.

C. Revival of Industry

The revival of industry depends upon the provision of well-trained, top-level management and technical personnel by the United States, supplemented by an active development of Korean experience and ability. Since the U.S. agency responsible for Korean government can expect to continue to find it difficult to recruit the proper kind of administrators and technicians, the use of a management contract system should be carefully explored.

The basic industrial plant of South Korea is neither large, diversified, nor well-integrated. However, it can contribute importantly to meeting the needs of the Korean people. This contribution can be greatly enlarged by removal to Korea from Japan, as part of the U.S. claim for reparation, of a limited number of plants which supplement and fit into the present industrial system of Southern Korea. A program for this purpose is now being prepared in Korea.

If the present industrial establishment of Southern Korea is to operate at capacity, average expenditures of $12,000,000 per year for the next three years must be made for repair and replacement parts. Maintenance under the Japanese was negligible during the war.

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In addition, a certain amount of conversion from war-type to peacetime production is required. Estimated expenditures for capital equipment for rehabilitating Korean industry should be something like an average of $4,000,000 per year for each of the next three years.

Once the plant is put into shape and given manpower with which to operate, fuel and raw materials must also be secured. To a small extent, electric power obtained from generating plants and transmission lines in North Korea, can be used. Generating plants in the north are, however, breaking down more and more frequently and cannot be relied on. Most of the generating plants in the south are dependent on coal which is, perhaps, the most critically short item in Southern Korea. While they must be repaired, in order to make the most efficient use of the coal allocated to them, they are not an important source of power for industry.

It is essential that bituminous coal be imported as Korean brown coal cannot be used for industrial purposes. The efficient operation of South Korean industry will require imports of 1,500,000 tons of coal per year for the next three years. Lubricants and other petroleum products will also be needed as Korea has no domestic source of supply.

The principal raw materials needed are raw cotton, rubber, pulp, leather and cement. The cost of raw materials, including coal, necessary to replace depleted stocks and to operate industry at practical capacity is estimated at $25,000,000 the first year, $30,000,000 the second, and $27,000,000 the third year.

D. Utilization of Industrial Facilities

In order to utilize industrial facilities in South Korea, nearly all of which were formerly Japanese owned, Military Government has been authorized (by SWNCC 265/3) to sell small holdings, and to operate, or let out under management contracts, larger units. The need for maximum responsibility of Koreans

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for the operation of business, financial, industrial and agricultural enterprises has been emphasized. Large industrial enterprises have not been sold, due to our desire not to assume authority properly belonging to the future Korean government. There are also problems of policy with respect to the disposition of Japanese external assets which remain unsettled. Transfer of title, as far as Military Government is concerned, would help to stabilize property rights and, consequently the use of productive facilities. As a transitional step it may be desirable for Military Government to transfer title to the larger plants in basic industries to governmental bodies created by the Interim Legislative Assembly to act in a trustee capacity until final disposition can be made in accordance with policies fixed by the future Korean government.

E. Employer-Employee Relations

Korean ignorance of labor union principles and methods and feelings of insecurity on the part of Military Government and Korean police forces have contributed to a worsening of the labor situation. Orderly means for easing labor tensions must be evolved before the situation becomes serious. Although South Korea is predominantly agricultural, the industrial workers are centered in urban areas where their political influence is felt out of all proportion to their numbers. The primary need, in addition to education concerning the principles and methods of democratic unionism, is for firm guarantees to working groups that their rights to organize unions and bargain collectively will not be rendered invalid by short-sighted police methods of control. The refinements of American trade unionism are not possible in the primitive South Korean, Oriental economy. On the other hand, basic rights must be guaranteed if the good name of the American occupation is to be preserved. The Russians will grasp at any labor difficulties in the southern zone as a means of fomenting unrest.

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F. Revival of Foreign Trade

Arrangements have been almost completed for resumption of private trade between South Korea and other countries. However, so long as her foreign exchange resources are limited and she remains dependent on U.S. appropriations to pay for most of her imports, the best possible return must be secured for her exports and the use of foreign exchange must be strictly controlled. Within these limits, foreign business men should be encouraged to go to South Korea in order to stimulate exports from Korea and thus maximize the extent to which South Korea can pay for imports necessary to her rehabilitation. Until there is a Korean government to determine the conditions under which foreign investments may be made it is believed unwise to permit foreign capital investment in Korea, either public or private.

G. Improvement of Transportation System

As a result of an almost complete lack of maintenance by the Japanese during the war and no maintenance since the occupation, the Korean railroad system, of great importance in a mountainous country like Korea, is near collapse. Provision has been made to augment the locomotive pool by shipments of Army excess locomotives from Europe, but substantial additional investments must be made not only in rolling stock but in ties and rails. Improvements are required in the highway system. An additional number of trucks, with necessary repair parts, is necessary to serve areas not reached by the railroads. In order to put the transportation system on a basis which will permit it to handle adequately the food and industrial programs it is estimated that an average of $8,000,000 will be required annually for the next three years.

H. Control of Inflation

The attempt to rehabilitate the economy of South Korea by the means described above can be thwarted if the problem of inflation is not attacked vigorously and prevented from getting

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out of hand. The first step in such a program must be the balancing of the government budget, or at least a sharp reduction in the present spread between expenditures and revenues. Permanent progress in this direction requires not only a review of government expenditures designed to cut them to a minimum, a program now under way, but also a great increase in tax revenue. During 1946 tax revenue was only 6% of expenditures and only 9% of total revenue. The major source of income for USAMGIK has been government monopolies, which are both an uncertain source and a regressive one. The exact nature of the tax program must be the subject of further study of sources of income in Korea and of the administrative tools available for collection of taxes.

Assuming that progress is made to increase the output of goods and improve their distribution along the lines described in paragraphs A through F and that progress is made in balancing the government budget, a direct attack on the inflation of currency is called for. This should take the form of blocking bank accounts, and the liquidation of excessive or illegal hoards of currency, possibly through a capital levy. As a measure of enforcement of these measures, and as a device for reducing the overall volume of currency in circulation, a currency conversion at a ratio of less than 1 to 1 should be accomplished. The printing of new currency should be undertaken without delay in order to be ready to effect a reconversion. The cost of printing is estimated at between $700,000 and $800,000 but the new notes will be required whether or not the country is unified and regardless of the size of the appropriation for Korea made by Congress.

The details of the anti-inflation program require further study both here in Washington and in the field.

I. Financing the U.S. Program in Korea

It is proposed that the overall U.S. program in South Korea be financed by five different means:

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(1) The dollar expenses of the occupation troops and of military government and the cost of imports required to prevent disease and unrest should be borne out of appropriated funds. The Korean people should be told that they will not be required to repay these funds but that the amounts involved will be included in the U.S. reparations claim against Japan, as a cost of liquidating the war against Japan. At the same time the Koreans should be told that we will expect them to forgive any claims they may have for repayment for won advanced for costs of occupation.

(2) To the extent possible, Army excess stocks should be made available to the Koreans, again at no charge and with no obligation on their part.

(3) A credit of 25 million dollars, which was approved for purchase of war surplus property should be entirely spent. The Korean people should be given to understand that their obligation to repay this extension of credit is a matter which will be negotiated as part of the over-all financial settlement at the conclusion of the occupation.

(4) The proceeds of Korean exports, estimated at $45,000,000 for the next three years, should be made available to procure imports considered necessary to accomplish the purpose of the occupation, which would be primarily industrial raw materials and repair parts necessary to the rehabilitation of Korean industry.

(5) To supplement the very meagre resources secured from exports from South Korea, estimated to be $10,000,000 in fiscal year 1948, $15,000,000 in fiscal year 1949, and $20,000,000 in fiscal year 1950, and from the normal occupied area allotment covering "disease and unrest", estimated to amount to $137,372,756 for fiscal year 1948, $153,000,000 for fiscal year 1949 and $143,000,000 for fiscal year 1950 or a total of $433,372,756 for the three-year period, the United States Congress should be asked to

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authorize a grant-in-aid program for the rehabilitation of South Korea involving an expenditure of $230,100,000, $208,400,000 and $161,500,000 for fiscal years 1948, 1949 and 1950, respectively, or a total of $600,000,000 for the three-year period. This appropriation, as a grant-in-aid, would not be subject to repayment. The Korean people should be told that they will not be required to repay these funds but that the amounts involved will be included in the U.S. reparations claim against Japan, as a cost of liquidating the war against Japan. This will mean that the United States Congress should be asked to appropriate funds for a three-year period which will include both Military Government in Korea funds for "disease and unrest" and grant-in-aid funds for "rehabilitation".

Financial relations between Korea and Japan should be regularized by securing agreement to deducting from the Japanese debt to the U.S. for disease and unrest imports the value of Japanese exports to Korea. On the assumption this debt will be paid in full, this proposal finances Japanese exports to Korea by an accounting shortcut which reduces the volume of funds which must be secured from Congress for Korea without costing the Japanese economy anything.

J. Industrial Survey

According to Japanese figures of 1944 there were then approximately 3700 manufacturing plants in South Korea employing over 15 persons each, data on which is fragmentary and scattered. Japanese technicians, managers, and engineers were expatriated and South Korea's industries are being operated by Koreans who do not have the required know-how or operating experience to keep production and other pertinent records. Lack of qualified Koreans and of trained engineering personnel within USAMGIK, limits the collection of basic industrial data for determination of policy with respect to vested properties and the operation thereof.

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There is a definite need for an industrial survey that will provide a factual basis for the operation and ultimate disposition of vested property, for the determination of levels of industrial activity, for reparations claims by United States on Japan on behalf of Korea, and for the subsequent integration of North and South Korea's industry. Until the problem of industrial facilities is approached in the same thorough manner as that of the mineral resources (which were surveyed by a group of four geologists and seven Koreans who spent eight months on the job), we will never be in a position to cope with these problems. Moreover, estimates on materials, technicians, requirements, etc. needed for military government in the performance of its duties must necessarily continue to be on a hit-or-miss basis.

Competent industrial engineers should be recruited from the United States direct to do the job. It is believed that a uniformly high-grade personnel could be obtained for a project of this type on a six-to-eight-months' contract. In the conduct of their job, they should be divorced entirely from operating and administrative responsibilities in military government. The survey should be timed to get under way by June 1 and to be completed before November 30.

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V. Administrative and Miscellaneous Measures.

A. Civilianization of Military Government

It is anticipated that U.S. political and economic interests in Korea will become progressively more important than purely military interests. It may be expected that any progress in solution of the Korean problem would involve reduction in purely military responsibility in that country, particularly in the field of civil government. The military nature of our administration in Korea is resented by the Koreans. For these reasons it is considered highly desirable that U.S. Military Government in Korea be civilianized. Such a step would have the additional advantage of minimizing confusion and dislocations in the future when reorganization of the administration becomes necessary. However, it is not desirable at the present time to relieve the military commander of primary responsibility for the occupation and in any case the State Department cannot at present accept this responsibility.

Therefore, the program of civilianization of Military Government should be initiated immediately but should be accomplished gradually, primary responsibility for the timing to be in the hands of the CG USAFIK.

Three steps are advisable without delay:

1. The program of replacement of military personnel in Military Government by civilian personnel should be intensified with a view to the complete elimination of military personnel within the next few months.

2. CINCFE's responsibilities for Korean political and economic policy and operational matters should be terminated and CG USAFIK should report directly to the War Department in regard to these matters. He would, however, remain under the administrative and operational control of CINCFE, an arrangement analogous to the relationship between the U.S. Army Commander in Austria and CG USFET.

3. A political advisor of ambassadorial status and stature should be appointed.

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It is anticipated that the administration of Korea will be civilianized at an early date, and that the political advisor will eventually assume the political responsibilities now vested in CG USAFIK. Until the formal change from military to civilian administration, final responsibility will be retained by CG USAFIK. During this period, however, he should gradually delegate to the political advisor the political authority and functions now exercised by CG USAFIK or the Military Governor, both with respect to internal civil administration and with respect to relations with the Soviets. Efforts should be made to staff the present Military Government completely with civilians as soon as possible, in order to facilitate the transfer to a completely civilian administration. At the time this transfer is effected, the political advisor should be given some more appropriate title, such as "High Commissioner" or "Interim Civil Administrator", and, save for military matters, should be formally invested with all the responsibilities and functions now exercised by CG USAFIK. At the same time the term "Military Government" should be abolished, and a term such as "Interim Civilian Administration in Korea" be substituted therefor.

The political advisor should be selected on the basis of consultation between State and War Departments and appointed by the President. Both Departments should cooperate in supplying appropriate personnel for his staff, and his office should be organized so as to minimize the difficulties involved in his transition to civil administrator and future separation of his office into a diplomatic mission and a group of advisors to the Korean government or administering authority of a trusteeship.

The political advisor should for the time being report to the Secretary of War through CG USAFIK. In Washington there should be appropriate distribution in both State and War Departments of all communications to and from the political advisor sent or received by either Department. Matters of interest to both Departments should be coordinated before action is taken by either Department.

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B. New Directive to CG USAFIK

If the recommendations of this committee are approved, it would appear that the proposed Interim Directive for Military Government in Korea (SWNCC 176/23) will require some revision. Appendix "D" is an amended draft of SWNCC 176/23 which might be used as a basis for this revision.

C. Publicity in the United States

In view of the present temper of Congress a request for substantial appropriations for Korea will undoubtedly meet great resistance. A planned program of publicity in the United States emphasizing the importance of Korea to the United States and our policy there should do much to assist in obtaining necessary appropriations. It would also have an important effect in strengthening the hand of the Commanding General in Korea.

As a first and major step in this program it is suggested that, if necessary timing can be arranged, the President issue an appropriate statement when he transmits the draft grant-in-aid legislation to Congress and when General Hodge returns to Korea. Additional features of a publicity program are outlined in a SWNCC subcommittee paper attached as Appendix "E". This program should be energetically implemented.

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APPENDIX "B"

JOINT RESOLUTION

TO CARRY OUT THE OBLIGATIONS OF THE UNITED STATES IN KOREA

WHEREAS the President of the United States agreed with Generalissimo Chiang Kai-shek and Prime Minister Churchill at Cairo on December 1, 1943, that "in due course Korea shall become free and independent", and the President of the United States, the President of the National Government of the Republic of China and the Prime Minister of Great Britain agreed on July 26, 1945, at Potsdam that "the terms of the Cairo Declaration shall be carried out", to which agreement the U.S.S.R. adhered on August 8, 1945, and

WHEREAS the Japanese Government accepted in the Terms of Surrender on September 2, 1945, the provisions set forth in the Potsdam Declaration of July 26, 1945, and have ceased to exercise any authority in Korea, where United States forces have been in occupation south of 38 degrees north latitude since September 8, 1945, and

WHEREAS the President of the United States declared on September 18, 1945, that "The building of a great nation has now begun with the assistance of the United States, China, Great Britain and the Soviet Union who are agreed that Korea will become free and independent", and

WHEREAS at a meeting in Moscow in December 1945 the Ministers of Foreign Affairs of the Union of Soviet Socialist Republics, the United States of America and the United Kingdom agreed to the establishment of a Soviet-United States Joint Commission to assist the formation of a provisional Korean government and to work out measures for the development of democratic self-government and the establishment of the national independence of Korea, and

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WHEREAS this Joint Commission was unable to reach agreement in regard to its procedures it adjourned sine die on May 8, 1946, without having accomplished the purposes set forth in the Moscow Declaration,

Therefore be it

RESOLVED by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the President such sums, not to exceed $_____ in the aggregate, as the Congress may determine to be necessary to carry out the obligations of the United States in Korea, including the provision of relief and economic assistance, the development of democratic self-government, reeducation, and such other purposes, as may be necessary to realize the objectives of the United States in Korea.

RESOLVED by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the President such sums not to exceed $_____ in the aggregate, as the Congress may determine to be necessary for the provision of relief, economic rehabilitation, government, trial of war criminals, forwarding of programs of economic reform revitalization of the educational system, re-education of the indigenous populations thereof, including payment, subject to such authorization and limitations as he may prescribe, of tuition, personal allowances (not to exceed ten dollars [$10] per day), traveling expenses (not to exceed those authorized for like US military or civilian personnel) and fees incident to instruction in the United States or elsewhere of such persons as may be required to carry out the purposes of this resolution, official entertainment expenses, purchase, hire, maintenance, repair and operation of passenger automobiles and aircraft, and repair and maintenance of buildings, utilities, facilities and appurtenances and such other purposes as may be necessary to carry out the responsibilities, obligations, and objectives of the United States in Korea.

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Section 2. The President, after consultation with the Secretary of State, may allocate sums from the appropriation hereinabove authorized to any department, agency, or independent establishment of the government by transfer to or merger with, appropriations thereof, or otherwise for direct expenditure by such department, agency or independent establishment for the purpose of this resolution.

Section 3. No part of the appropriations authorized by this resolution shall be used in any manner that will directly aid in the relief, rehabilitation, government, reorientation or re-education of that part of Korea north of 38 degrees north latitude, unless the President, after consultation with the Secretary of State, has first determined that the economic and political unification of the two areas of Korea located north and south respectively, of the 38 degree parallel has been accomplished.

Section 4. The President shall submit to the Congress semi-annual reports of expenditures and activities under authority of this resolution.

Section 5. The authority contained in this resolution shall expire on June 30, 1950, except to the extent that funds herein authorized to be appropriated shall be required subsequent to June 30, 1950, for necessary administrative expenses incident to the activities undertaken in accordance with the provisions of this resolution.

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ANNEX TO APPENDIX "B"

JOINT RESOLUTION
MAKING AN APPROPRIATION TO CARRY OUT THE
OBLIGATIONS OF THE UNITED STATES IN KOREA

RESOLVED by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby appropriated out of any money in the Treasury not otherwise appropriated, to enable the President to carry out the provisions of the Joint Resolution concerning the obligations of the United States in Korea, approved _____ _____, 1947 (Public Law _____), $_____, and to remain available until June 30, 1948: Provided that not to exceed $_____ shall be available for administrative expenses.

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APPENDIX "C"

DRAFT TRUSTEESHIP AGREE ENT FOR KOREA

WHEREAS the Emperor of Japan and the Japanese Government, on September 2, 1945, executed an Instrument of Surrender which was accepted by the Supreme Commander for the Allied Powers including the United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics;

WHEREAS Japan in the Instrument of Surrender has accepted the provisions of the Potsdam Declaration, which included a stipulation that the sovereignty of Japan shall be limited to its main islands and such minor islands as the four above-mentioned powers shall determine;

WHEREAS it is agreed that Korea shall become free and independent;

WHEREAS paragraph 3 of section 3 of the agreement reached at the Moscow meeting of Foreign Ministers December 27, 1945 provided that the said four powers were to consider a four-power trusteeship for Korea;

WHEREAS Article 77 of the Charter of the United Nations provides that territories which may be detached from enemy states as a result of the Second World War may be placed under the international trusteeship system;

WHEREAS The primary purpose of trusteeship for Korea is to enable the Korean people as soon as possible to accept the responsibilities of independence and to enable Korea to become a member of the United Nations;

It is resolved to place Korea within the international trusteeship system pending the full exercise by Korea of the powers of independent government, to assume the responsibilities of administering authority for Korea, and to propose to the General Assembly of the United Nations terms of trusteeship as follows:

CHAPTER I. ESTABLISHMENT OF TRUSTEESHIP

Article 1. Korea is hereby placed within the international trusteeship system established by the Charter of the United Nations.

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Article 2. The United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics are hereby designated collectively as the administering authority for Korea.

Article 3. The governments of the states of the administering authority hereby recognize Korea as independent, subject during the period of trusteeship to the terms of this agreement.

Article 4. The United Nations shall be trustee for the Korean people during the period of the trusteeship, and the powers constituting the administering authority renounce in favor of that Organization as trustee any rights or titles in Korea which they may have acquired from the surrender of Japan.

Article 5. No part of the trust territory of Korea shall be designated as a strategic area.

Article 6. The administering authority, acting as agent in behalf of the United Nations, shall be responsible to the United Nations for the execution of this agreement.

Article 7. The administering authority in discharging the obligations of trusteeship in Korea shall act in accordance with the basic objectives set forth in Article 76 of the Charter of the United Nations and as provided for in this agreement. The Charter of the United Nations and the provisions of this agreement shall constitute the supreme law of Korea during the period of trusteeship.

Article 8. The administering authority, to enable the Korean people effectively to assume the responsibilities of independence at the termination of the trusteeship, shall therefore promote as rapidly as possible the progressive political, economic, and social advancement of the Korean people. To this end, the administering authority shall, among other means, employ the following policies:

(1) Political advancement

(a) Extend progressively the use and scope of free elections without discrimination because of sex or because of religious or political beliefs;

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(b) Provide increasingly to the fullest extent possible for the participation in administrative, judicial, and other official positions of suitable Korean personnel and progressively transfer responsibility to them;

(c) Develop adequate facilities to train Koreans to assume the responsibilities inherent in the maintenance of an independent state.

(2) Economic advancement

(a) Encourage the development of a productive economy, both agricultural and industrial, with a view to the efficient use and conservation of Korean resources;

(b) Retain for the Korean people control over monopolistic Japanese industries and developments, for disposition in accordance with duly enacted Korean law;

(c) Facilitate the access of Korea and its people to financial and technical assistance needed for economic development;

(d) Facilitate the development by the Korean people of both an internal and an external exchange of goods by assisting them to supply their needs from and to sell their products in the most favorable markets:

(e) Promote employment at adequate wages, improve working conditions, assure freedom of association and where feasible encourage collective bargaining, and provide necessary social insurance and social services.

(3) Social advancement

(a) Protect the rights and fundamental freedoms of all elements of the population without discrimination, protect the health of the inhabitants, control the traffic in arms and ammunition, opium and other dangerous drugs, institute such other regulations as may be necessary to protect the inhabitants against social abuses;

(b) Take steps toward the establishment of a general system of education.

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CHAPTER II. FORM OF TRUSTEESHIP SUPERVISION

Article 9. The organs of the administering authority shall be a Commission and a High Commissioner.

Article 10.

1. A High Commissioner and a Deputy High Commissioner, who shall not be nationals of Korea or of the states which comprise the administering authority, shall be appointed by unanimous agreement of those states, and may be removed by a majority of them.

2. In the absence from Korea of the High Commissioner his powers and functions shall be exercised by the Deputy High Commissioner. In the case of the death or removal of the High Commissioner his powers and functions shall be exercised by the Deputy High Commissioner pending the designation of a new High Commissioner.

Article 11.

1. The Commission shall consist of the High Commissioner, as presiding officer, and of one representative of each of the states which comprise the administering authority.

2. Each member of the Commission, with the exception of the High Commissioner, shall have one vote. Decisions of the Commission shall be made by the majority of the members, excluding the High Commissioner. In the event of a tie the High Commissioner shall cast a deciding vote.

3. The Commission shall meet in Korea in regular session twice yearly or in special session at the call of any one of the members.

Article 12.

1. Each of the parties to this agreement shall pay during the period of trusteeship the salary and expenses of its representative on the Commission and of his staff.

2. The administering authority shall provide jointly and equally for the salary and expenses of the High Commissioner, Deputy High Commissioner, and their staffs.

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CHAPTER III. FORM OF KOREAN ADMINISTRATION

Article 13. Pending the promulgation of a constitution for Korea, as provided in Articles 35 through 39 of this agreement, and as soon as practicable after the effective date of this agreement, the administering authority shall exercise such powers of national and local government in Korea as may be necessary to effectuate this agreement.

Article 14. The heads of the principal executive departments shall be Koreans appointed by and holding office at the pleasure of the High Commissioner. These officers shall in addition comprise a cabinet to advise the High Commissioner.

Article 15. A legislature of Korea shall be established, consisting of a single chamber elected by the adult citizens of both sexes. The elections shall be held on the basis of equal and secret suffrage.

Article 16. Pending the enactment of relevant legislation, the functions of provincial and other local government shall be carried on by such organs as the High Commissioner may designate for the purpose.

Article 17. Pending the enactment of relevant legislation, the Korean judiciary shall consist of such courts as the High Commissioner shall deem necessary, with the judges of those courts selected according to such manner as the High Commissioner may prescribe.

CHAPTER IV. FUNCTIONS AND RELATIONSHIPS OF ADMINISTERING AUTHORITY AND KOREAN ADMINISTRATION.

Article 18. In accordance with the terms of this agreement and in fulfillment of its purposes, the administering authority shall exercise such executive, legislative and judicial power as may be necessary for the administration of Korea.

Article 19. The administering authority shall exercise its powers and functions only through the Commission and High Commissioner provided for in Article 9 of this agreement.

Article 20. The Commission shall be responsible for the formulation and review of general policy in the execution of this agreement.

Article 21. The High Commissioner shall be the chief administrator of Korea.

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Article 22, Bills may be introduced in the legislature by members of the legislature or by the High Commissioner. Each bill passed by the legislature shall become law upon signature by the High Commissioner or at the end of thirty days after transmission to the High Commissioner if he has by that time taken no action. Within the period of thirty days after transmission to the High Commissioner, he may veto the bill if in his opinion such action is essential to the fulfillment of the terms of this trusteeship agreement, and he shall then inform the legislature in writing of the reasons for his veto. In the event that the legislature fails to enact a bill which in the judgment of the High Commissioner is essential to the fulfillment of the terms of the trusteeship agreement, he may enact, on his own responsibility, such ordinances as he deems essential. Such ordinances shall have the force of law and shall remain in effect for a period of one year.

Article 23.

1. The High Commissioner shall be responsible for the maintenance of internal law and order. To this end the High Commissioner shall be responsible for developing local Korean police forces and such national Korean police forces as he may deem necessary for the maintenance of internal security, with the assistance, if necessary, of qualified nationals of members of the United Nations other than those constituting the administering authority.

2. When as a result of exceptional circumstances public order and security, or the human and civic rights of the inhabitants, are endangered and cannot adequately be protected by the Korean police forces, he may request the Commission to place at his disposal forces from the states of the administering authority.

Article 24. All expenses of national and local Korean administration, apart from those expenses covered in Article 12, shall be provided for out of Korean national and local revenues, except as provided otherwise by the states of the administering authority. Such experditures as are deemed by the Commission essential to accomplish the provisions of this agreement and which cannot be met through revenues from Korean sources shall be borne equally by the states of the administering authority.

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Article 25. Pending the enactment of a Korean nationality law, persons of Korean racial origin domiciled in Korea, and persons of Korean racial origin domiciled abroad who owe allegiance to no other country than Korea, shall be considered Korean citizens.

Article 26. The administering authority shall, subject only to the requirements of public order, assure to the inhabitants of Korea freedom of movement and of communication; freedom of speech and of the press; freedom of assembly and freedom of conscience, of worship, and of religious teaching.

CHAPTER V. EXTERNAL RELATIONS OF KOREA

Article 27. The High Commissioner shall conduct the foreign relations of Korea, and shall arrange for the furnishing of diplomatic protection and consular services to citizens of Korea when outside the territorial limits of Korea.

Article 28. The High Commissioner shall ensure that Korea shall play its part in the maintenance of international peace and security. To this end the High Commissioner may make use of volunteer forces, facilities, and assistance from Korea in carrying out the obligations toward the Security Council undertaken in this regard by the administering authority.

Article 29. The High Commissioner on behalf of Korea may accept membership in any regional advisory commission, regional authority or technical organization or other voluntary association of states, may cooperate with specialized inte national bodies and may engage in other forms of international cooperation consistent with the terms of the Charter of the United Nations.

Article 30. The administering authority shall make available to the nationals of all members of the United Nations the same rights as are enjoyed in Korea by the Nationals of any of the states which comprise the administering authority, equally subject to the requirements of public order and compliance with the local law.

Article 31. The administering authority shall endeavor to secure for nationals of Korea the enjoyment in states other than Korea of rights which nationals of those states enjoy.

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Article 32. The administering authority shall apply to Korea all appropriate international conventions already existing or which may be concluded hereafter relative to such matters as commercial equality, freedom of transit and navigation, aerial navigation, railways, postal, telegraphic, and wireless communication, and industrial, literary and artistic property, provided that the application of such conventions is not inconsistent with the objectives of the trusteeship system as stated in Article 76 of the Charter of the United Nations or with the terms of this agreement.

Article 33. The High Commissioner shall assure to Koreans and the nationals of members of the United Nations the right to engage in Korea in such activities as the gathering, dissemination, and transmission of information, within the country and to places outside of Korea, by means of all types of communications facilities.

Article 34. Private individuals and groups, whether Korean or composed of nationals of members of the United Nations, shall be permitted to establish and maintain schools, hospitals, churches, and missions.

CHAPTER VI ADOPTION AND PROMULGATION OF A CONSTITUTION FOR KOREA

Article 35. According to the procedure specified in Article 22 for Korean legislation, a law shall be enacted for the purpose of organizing a constitutional convention, which shall draft a proposed constitution for Korea.

Article 36. During the proceedings of the constitutional convention the states of the administering authority, acting through the Commission, shall make available to the convention such assistance in information and counsel as the members of the convention may request.

Article 37. The constitution so adopted by the convention shall thereupon be submitted to a universal and secret referendum by the adult citizens of Korea.

Article 38. The High Commissioner shall be responsible for the conduct of a fair referendum. When the High Commissioner has ascertained the result of such referendum to be in favor of adopting the draft constitution, he shall proclaim the adoption of the constitution. The High Commissioner shall arrange for the transfer of functions to the new Korean Government under the constitution as quickly thereafter as practicable.

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Article 39. After the promulgation of the constitution and before the termination of trusteeship for Korea, the High Commissioner shall be empowered to take such corrective measures as he deems essential, acting through the head of the Korean Government, when in his judgment exceptional circumstances threaten achievement of the fundamental purposes of the trusteeship and after consultation with the Korean government where practicable. As a final resort, the High Commissioner may exercise the authority set out in paragraph 2 of Article 23 of this Agreement.

CHAPTER VII. RELATIONS OF THE ADMINISTERING AUTHORITY TO THE UNITED NATIONS

Article 40. The administering authority shall recognize the General Assembly, and the Trusteeship Council acting under the authority of the General Assembly, as representing the United Nations in carrying out functions of the United Nations in regard to this agreement, and shall undertake to collaborate fully with them.

Article 41. The administering authority shall cooperate with the General Assembly, or the Trusteeship Council acting under its authority in arranging for periodic visits to Korea, and, in consultation with the administering authority, for such special visits as may be required, and shall give to such visitors complete access to Korea and the inhabitants of Korea, and shall make available to them all facilities necessary for acquiring information.

Article 42.

1. The administering authority shall submit an annual report to the General Assembly, on the basis of a questionnarie formulated by the Trusteeship Council, containing such information as may be required on the political, economic, and social advancement of the inhabitants of the territory and setting forth the measures taken to promote that advancement.

2. The administering authority shall also submit such special reports as may be requested by the General Assembly and shall report to the General Assembly upon the measures taken to give effect to the recommendations of the General Assembly and Trusteeship Council.

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3. The High Commissioner shall designate representatives to consult with the General Assembly or the Trusteeship Council in the examination of reports submitted by the administering authority.

Article 43. The administering authority shall cooperate with the Trusteeship Council in its annual surveys of the progress achieved in accomplishing the purpose of the trusteeship for Korea and report thereon to the General Assembly.

Article 44. The General Assembly or the Trusteeship Council may make recommendations to the administering authority on any matter relating to Korea.

CHAPTER VIII. AMENDMENT, TERMINATION, AND RATIFICATION

Article 45. This agreement may be amended or altered at any time by the unanimous agreement of the powers constituting the administering authority and with the approval of the General Assembly. Proposals for amending or altering the agreement may be made by any of the said powers or by the General Assembly or the Trusteeship Council.

Article 46.

1. The trusteeship shall terminate five years after the date of its coming into force, unless sooner terminated as provided in paragraph 2 below.

2. The trusteeship may be terminated before the expiration of five years from its effective date at any time when all of the powers constituting the administering authority determine that the purpose of the trusteeship has been accomplished. In any event, the said powers shall consider the advisability of such termination at the time of the promulgation of the Korean constitution.

Article 47. The said powers shall support in the General Assembly the admission of Korea to membership in the United Nations upon the termination of the trusteeship.

Article 48.

1. This agreement shall be subject to ratification by the four powers in accordance with their constitutional processes. The instruments of ratification shall be deposited in the archives of the United Nations.

2. The agreement shall come into force upon approval by the General Assembly and after the deposit of all of the instruments of ratification.

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SECRET

PROTOCOL

/To be signed the same day that the trusteeship agreement is approved by the United Nations General Assembly/

The United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics

having resolved to place Korea within the trusteeship system of the United Nations pending the full exercise by Korea of the powers of independent government,

having this day concluded a trusteeship agreement for Korea, and

having declared their intention to enable the Korean people as soon as possible to accept the responsibilities of independence and Korea to become a member of the United Nations,

The Governments of the United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics agree as follows:

1. Pending ratification by the four powers of the trusteeship agreement for Korea, all the provisions of the trusteeship agreement shall come into immediate effect as between the four governments signatory to this agreement.

2. Military government in Korea shall terminate upon the assumption of office by the High Commissioner provided for in the trusteeship agreement.

3. Each of the governments signatory to this Protocol agrees that it will withdraw from Korea all of its armed forces which may be stationed in Korea, within one month after the assumption of office by the High Commissioner, except for those forces whose presence may be authorized in accordance with the provisions of Article 23 of the trusteeship agreement for Korea.

4. This Protocol shall enter into force on the day of signature.

Done at _____ the _____ day of _____, one thousand nine hundred and forty-seven.

For the Government of the United States of America:

_____

For the Government of the Republic of China:

_____

For the Government of the United Kingdom of Great Britain and Northern Ireland:

_____

For the Government of the Union of Soviet Socialist Republics:

_____

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SECRET

DRAFT TRUSTEESHIP AGREEMENT FOR KOREA

WHEREAS the Emperor of Japan and the Japanese Government, on September 2, 1945, executed an Instrument of Surrender which was accepted by the Supreme Commander for the Allied Powers including the United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics;

WHEREAS Japan in the Instrument of Surrender has accepted the provisions of the Potsdam Declaration, which included a stipulation that the sovereignty of Japan shall be limited to its main islands and such minor islands as the four above-mentioned powers shall determine;

WHEREAS it is agreed that Korea shall become free and independent;

WHEREAS a provisional government for Korea has been organized pursuant to the agreement reached at the Moscow meeting of Foreign Ministers December 27, 1945;

WHEREAS paragraph 3 of section 3 of that agreement provided that the said four powers were to consider a four-power trusteeship agreement for Korea;

WHEREAS Article 77 of the Charter of the United Nations provides that territories which may be detached from enemy states as a result of the Second World War may be placed under the international trusteeship system;

WHEREAS The primary purpose of trusteeship for Korea is to enable the Korean people as soon as possible to accept the responsibilities of independence and to enable Korea to become a member of the United Nations;

It is resolved to place Korea within the international trusteeship system pending the full exercise by Korea of the powers of independent government, to assume the responsibilities of administering authority for Korea, and to propose to the General Assembly of the United Nations terms of trusteeship as follows:

CHAPTER I. ESTABLISHMENT OF TRUSTEESHIP

Article 1. Korea is hereby placed within the international trusteeship system established by the Charter of the United Nations.

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Article 2. The United States of America, the Republic of China, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics are hereby designated collectively as the administering authority for Korea.

Article 3. The governments of the states of the administering authority hereby recognize Korea as independent, subject during the period of trusteeship to the terms of this agreement.

Article 4. The United Nations shall be trustee for the Korean people during the period of the trusteeship, and the powers constituting the administering authority renounce in favor of that Organization as trustee any rights or titles in Korea which they may have acquired from the surrender of Japan.

Article 5. No part of the trust territory of Korea shall be designated as a strategic area.

Article 6. The administering authority, acting as agent in behalf of the United Nations, shall be responsible to the United Nations for the execution of this agreement.

Article 7. The administering authority in discharging the obligations of trusteeship in Korea shall act in accordance with the basic objectives set forth in Article 76 of the Charter of the United Nations and as provided for in this agreement. The Charter of the United Nations and the provisions of this agreement shall constitute the supreme law of Korea during the period of trusteeship.

Article 8. The administering authority, to enable the Korean people effectively to assume the responsibilities of independence at the termination of the trusteeship, shall therefore promote as rapidly as possible the progressive political, economic, and social advancement of the Korean people.

CHAPTER II. FORM OF TRUSTEESHIP SUPERVISION

Article 9. The organs of the administering authority shall be a Commission and a High Commissioner.

Article 10.

1. A High Commissioner and a Deputy High Commissioner, who shall not be nationals of Korea or of the states which comprise the administering authority, shall be appointed by unanimous agreement of those states, and may be removed by a majority of them.

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2. In the absence from Korea of the High Commissioner his powers and functions shall be exercised by the Deputy High Commissioner. And in the case of the death or removal of the High Commissioner his powers and functions shall be exercised by the Deputy High Commissioner pending the designation of a new High Commissioner.

Article 11.

1. The Commission shall consist of the High Commissioner, as presiding officer, and of one representative of each of the states which comprise the administering authority.

2. Each member of the Commission, with the exception of the High Commissioner, shall have one vote. Decisions of the Commission shall be made by the majority of the members, excluding the High Commissioner. In the event of a tie the High Commissioner shall cast a deciding vote.

3. The Commission shall meet in Korea in regular session twice yearly or in special session at the call of any one of the members.

Article 12.

1. Each of the parties to this agreement shall pay during the period of trusteeship the salary and expenses of its representative on the Commission and of his staff.

2. The administering authority shall provide jointly and equally for the salary and expenses of the High Commissioner, Deputy High Commissioner, and their staffs.

CHAPTER III. FUNCTIONS AND RELATIONSHIPS OF ADMINISTERING AUTHORITY AND KOREAN ADMINISTRATION

Article 13. The administering authority shall exercise its powers and functions through the Commission and High Commissioner provided for in Article 9 of this agreement.

Article 14. The Commission shall be responsible for the formulation and review of general policy in the execution of this agreement.

Article 15. The High Commissioner shall be the chief representative in Korea of the administering authority and of the United Nations. He shall be the principal adviser and consultant of the Korean government.

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Article 16. The High Commissioner shall furnish technical and other advisory assistance, at the request of the Korean government or on his own initiative, when his proposals for such assistance to the government of Korea have been approved by the Commission.

Article 17. The High Commissioner shall be empowered to take such corrective measures as he deems essential, acting through the head of the Korean Government, when in his judgment exceptional circumstances threaten achievement of the fundamental purposes of the trusteeship and after consultation with the Korean government where practicable. As a final resort, the High Commissioner may request the Commission to place at his disposal forces from the states of the administering authority.

Article 18. All expenses of national and local Korean administration, apart from those expenses covered in Article 12, shall be provided for out of Korean nationals and local revenues, except as provided otherwise by the states of the administering authority. Such expenditures as are deemed by the Commission essential to accomplish the provisions of this agreement and which cannot be met through revenues from Korean sources shall be borne equally by the states of the administering authority.

Article 19. Pending the enactment of a Korean nationality law, persons of Korean racial origin domiciled in Korea, and persons of Korean racial origin domiciled abroad who owe allegiance to no other country than Korea, shall be considered citizens of Korea.

CHAPTER IV. EXTERNAL RELATIONS OF KOREA

Article 20. The High Commissioner shall provide assistance to the government of Korea in the conduct of the foreign relations of Korea, and shall arrange for the furnishing of diplomatic protection and consular services to citizens of Korea when outside the territorial limits of Korea in the absence of adequate facilities maintained by the Korean government.

Article 21. The administering authority shall take steps to ensure that Korea shall play its part in the maintenance of international peace and security. To this end the administering authority may make use of volunteer forces, facilities, and assistance from Korea in carrying out the obligations toward the Security Council undertaken in this regard by the administering authority.

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Article 22. The administering authority shall take steps to ensure that the same rights as are enjoyed in Korea by the nationals of any of the states which comprise the administering authority shall be made available to the nationals of all members of the United Nations, subject to the requirements of public order and compliance with the local law.

Article 23. The administering authority shall endeavor to secure for nationals of Korea the enjoyment in states other than Korea of rights which nationals of these states enjoy.

CHAPTER V. ADOPTION AND PROMULGATION OF A CONSTITUTION FOR KOREA

Article 24. In the event that procedures for adopting and promulgating a constitution for Korea have not been provided for by agreement of the United States and the Soviet Union when the Korean provisional government is set up, or in the event that such procedures are not in operation when this trusteeship agreement comes into force, the measures provided for in Articles 24 through 27 shall be taken.

Article 25. The Korean provisional government, pursuant to its regular legislative procedures, shall enact legislation for the purpose of organizing a constitutional convention, which shall draft a proposed constitution for Korea.

Article 26. During the proceedings of the constitutional convention the states of the administering authority, acting through the Commission, shall make available to the convention such assistance in information and counsel as the members of the convention may request.

Article 27. The constitution so adopted by the convention shall thereupon be submitted to a universal and secret referendum by the adult citizens of Korea.

Article 28. The High Commissioner shall be responsible for the conduct of a fair referendum. When the High Commissioner has ascertained the result of such a referendum to be in favor of adopting the draft constitution, he shall proclaim the adoption of the constitution. The High Commissioner shall arrange for the transfer of functions to the new Korean Government under the constitution as quickly thereafter as practicable.

Appendix "C"

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Article 29. After the promulgation of the constitution and before the termination of trusteeship for Korea, the High Commissioner shall be empowered to take such corrective measures as he deems essential, acting through the head of the Korean Government, when in his judgment exceptional circumstances threaten achievement of the fundamental purposes of the trusteeship and after consultation with the Korean Government where practicable. As a final resort, the High Commissioner may request the Commission to place at his disposal forces from the states of the administering authority.

CHAPTER VI. RELATIONS OF THE ADMINISTERING AUTHORITY TO THE UNITED NATIONS.

Article 30. The administering authority shall recognize the General Assembly, and the Trusteeship Council acting under the authority of the General Assembly, as representing the United Nations in carrying out functions of the United Nations in regard to this agreement, and shall undertake to collaborate fully with them,

Article 31. The administering authority shall cooperate with the General Assembly, or the Trusteeship Council acting under its authority, in arranging for periodic visits to Korea, and, in consultation with the administering authority, for such special visits as may be required, and shall give to such visitors complete access to Korea and the inhabitants of Korea, and shall make available to them all facilities necessary for acquiring information.

Article 32.

1. The administering authority shall submit an annual report to the General Assembly, on the basis of a questionnaire formulated by the Trusteeship Council, containing such information as may be required on the political, economic, and social advancement of the inhabitants of the territory and setting forth the measures taken to promote that advancement.

2. The administering authority shall also submit such special reports as may be requested by the General Assembly and shall report to the General Assembly upon the measures taken to give effect to the recommendations of the General Assembly and Trusteeship Council.

3. The High Commissioner shall designate representatives to consult with the General Assembly or the Trusteeship Council in the examination of reports submitted by the administering authority.

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Article 33. The administering authority shall cooperate with the Trusteeship Council in its annual surveys of the progress achieved in accomplishing the purpose of the trusteeship for Korea and report thereon to the General Assembly.

Article 34. The General Assembly or the Trusteeship Council may make recommendations to the administering authority on any matter relating to Korea.

CHAPTER VII. AMENDMENT, TERMINATION, AND RATIFICATION

Article 35. This agreement may be amended or altered at any time by the unanimous agreement of the powers constituting the administering authority and with the approval of the General Assembly. Proposals for amending or altering the agreement may be made by any of the said powers or by the General Assembly or the Trusteeship Council.

Article 36.

1. The trusteeship shall terminate five years after the date of its coming into force, unless sooner terminated as provided in paragraph 2 below.

2. The trusteeship may be terminated before the expiration of five years from its effective date at any time when all of the powers constituting the administering authority determine that the purpose of the trusteeship has been accomplished.

Article 37. The said powers shall support in the General Assembly the admission of Korea to membership in the United Nations upon the termination of the trusteeship.

Article 38.

1. This agreement shall be subject to ratification by the four powers. The instruments of ratification shall be deposited in the archives of the United Nations.

2. The agreement shall come into force upon approval by the General Assembly and after the deposit of all of the instruments of ratification.

Appendix "C"

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APPENDIX "D"

INTERIM DIRECTIVE TO THE COMMANDING GENERAL COMMANDER-IN-CHIEF, US ARMY FORCES, PACIFIC, IN KOREA FOR MILITARY GOVERNMENT IN THOSE AREAS OF KOREA OCCUPIED BY US FORCES

1. The Purpose and Scope of This Directive.

a. This directive, which supersedes the basic initial directive under which you have been operating, defines the authority which you will possess and the policies which will guide you in your conduct of military government in those areas of Korea occupied by U.S. forces during the period prior to the establishment of a Provisional Korean Government as envisaged in the Moscow Agreement.

b. This directive is divided into Part I: General and Political; Part II: Cultural; Part III: Economic and Civilian Supply; and Part IV: Financial.

c. This directive is based upon policies agreed upon by the State, War and Navy Departments and approved by the President. It is recognized that the financial requirements of this directive may be greater than under preceding directives and that U.S. funds may not now be allocated or otherwise made available to you in sufficient amounts to implement certain features of the directive. To the extent that essential imports and other necessary expenditures contemplated by this directive exceed your budgetary limitations, you will, as soon as practicable, report fully on the nature and extent to which additional U.S. funds will be required, including complete justification for such additional funds so that the War Department may request additional appropriations by Congress. Pending such appropriations or arrangements you will expend funds in implementing this directive only to the extent and for the purposes for which currently such funds are available.

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PART I

GENERAL AND POLITICAL

2. The Basis and Scope of Military Authority.

a. By virtue of your military occupation of southern Korea, you are vested with the conventional powers of a military occupant of former enemy territory. In addition, and in order to effectuate the Surrender Instrument executed by command of the Emperor of Japan, The Cairo Declaration, the Potsdam Declaration, and the Moscow Agreement, you are authorized to exercise all power necessary to give effect to those instruments.

b. While reporting to the Commander in Chief, Far East for all military matters, you will be directly responsible to the Joint Chiefs of Staff (the War Department acting as the executive agency for the Joint Chiefs of Staff) for all non-military aspects of the occupation, including political, economic, cultural, social and non-military operational matters.

~~c.~~ b. Your administration of military government will be based upon the treatment of Korea as a liberated country. In all your activities you will bear in mind the policy of the United States in regard to Korea which, in accordance with the Moscow Agreement, contemplates a progressive development involving the following successive steps:

(1) The present period of zonal administration by the United States and the USSR;

(2) The establishment of a Provisional Korean Government which will assist the U.S. - Soviet Joint Commission in preparing Korea for self-government;

(3) The creation of some form of trusteeship for Korea under the United States, the United Kingdom, China, and the USSR for a period of up to five years, unless there is general agreement among the four powers that conditions make this unnecessary; and

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(4) The complete independence of Korea at the earliest possible date, with subsequent membership in the United Nations.

3. Basic Objectives of Military Occupation.

a. The basic objectives of the United States with regard to Korea are

(1) To establish ~~an~~ a unified independent and sovereign Korea, free from all foreign domination and eligible for membership in the United Nations;

(2) To insure that the national government so established shall be a democratic government fully representative of the freely expressed will of the Korean people; and

(3) To assist the Koreans in establishing the sound economy and adequate educational system necessary for an independent, democratic state.

b. It is the intention of the United States Government to achieve its objectives in Korea within the framework of the Moscow Agreement and to this end to do all in its power to achieve the fulfillment of the terms of the Agreement and in particular the attainment of Korean independence at the earliest possible date.

c. The United States occupation of southern Korea is for the purpose of facilitating the attainment of basic United States objectives in Korea and shall continue as long as it contributes to this end.

d. You will continue to replace military personnel in Military Government with Korean personnel and US civilian personnel with a view to the complete elimination of US military personnel as soon as practicable.

e. A political adviser of ambassadorial status will be appointed to advise you on matters concerning the administration of civilian affairs in southern Korea and relations with representatives in Korea of the Soviet Union. At such time as you and the political adviser agree that civilian per-

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sonnel have effectively replaced military personnel in the administration of civilian affairs and so report to the Joint Chiefs you will be relieved of your responsibilities for civilian administration and the political adviser will assume them. At such time as this transfer of responsibility takes place, the term "Military Government" will be abolished and a term such as "Interim Civilian Administration in Korea" will be substituted therefor. Until such time as this transfer of authority takes place, and a new directive is issued, you will retain final responsibility for all military and non-military aspects of the occupation. You will, however gradually delegate to the political advisor the operational exercise of the political authority and functions now exercised by you or by the Military Governor, both with respect to internal civil administration and with respect to relations with the Soviets. The political adviser will report to you, and his reports will be transmitted to the Joint Chiefs of Staff through you as prescribed in subparagraph b above. You will assure that there will be appropriate distribution of all communications to and from the political adviser.

4. General Administrative Measures.

a. You will continue to take all actions necessary to assure maintenance of law and order.

b. You will continue to utilize local, regional and national agencies of governmental administration subject to the necessary changes implicit in this directive. You will continue to give these agencies maximum responsibility for the administration of government and will, insofar as practicable, charge them with the execution of your policies and directives. At all times, however, and in all circumstances you are empowered yourself to take direct action where required to carry out the objectives of the occupation.

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c. Pending the establishment of a Provisional Korean Government, you will continue to strive for the coordination of economic and administrative matters between the U.S. command in southern Korea and the Soviet Command in northern Korea, insofar as this can be done without prejudicing the attainment of basic U.S. objectives.

5. Political Reorganization.

a. You will broaden the basis for Korean participation in the administration of southern Korea, pending the establishment of a nationwide Provisional Korean Government. You will place particular emphasis on local administration and the solution of local problems by responsible Koreans preferably non-professional politicians. Insofar as the following can be accomplished without impairing the maintenance of the necessary military control, you will:

(1) Utilize qualified Koreans in as many posts of responsibility as possible in the local and provincial administrations and in the administration of the United States zone as a whole by:

(a) Using popular electoral processes wherever appropriate for the selection of Koreans to occupy key posts, and,

(b) For all appointive posts, selecting Koreans insofar as possible from all political groups, having due regard to their proportionate strength; but avoiding extremists of either right or left, and

(2) You will continue to utilize Interim Legislative Assembly which ~~Establish through broad electoral processes an advisory legislative body which shall supersede the present Representative Democratic Council of southern Korea and~~ shall have the duty of formulating and presenting to you draft laws to be used as a basis for political, economic and social reforms in the southern zone, pending the establishment of a Provis-

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ional Korean Government. You shall put into effect such draft laws except when they are inconsistent with basic United States objectives or the Moscow Agreement.

In the implementation of paragraphs (1) (a) and (2) above, you will make every effort to insure that all major political groups participate in elections.

b. You will take steps to institute a broad program of constructive economic and educational reforms for southern Korea looking towards the creation of conditions favorable to the development of a strong and lasting democratic system in Korea. The Interim Legislative Assembly ~~advisory legislative body, when constituted,~~ shall be encouraged to assist in formulating this program and to take the lead in initiating draft legislation for its implementation. All major reforms shall, if practicable, be initiated by the ~~advisory~~ legislative body, and normally no major reform should be undertaken without consultation with this body and, preferably, after obtaining its support.

c. In implementing paragraphs a and b above, you will, insofar as consistent with paragraph 7 d below, continue to permit full freedom of expression to all political groups and shall seek the cooperation of representatives of all groups in the administration of southern Korea and encourage the use of electoral processes not only to choose between rival candidates, but also to decide controversial issues. No Korean shall be barred from an appointive or elective post because of his political affiliations, except as hereinafter provided. However, as a general policy, you should encourage the selection of leaders who remained in Korea throughout the period of Japanese rule and should in no way oppose the voluntary retirement from politics of Korean leaders who have returned to Korea since the Japanese capitulation.

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d. While implementing paragraphs a and b above, you should not lose sight of the intention of this government to establish, as soon as possible, a nationwide Provisional Korean Government, in accordance with the terms of the Moscow Agreement. To this end, while standing firm on the principle that freedom of expression must be safeguarded throughout Korea, you will be prepared to instruct the U.S. representatives on the Joint Commission to resume negotiations with the Soviet representatives at any time and will propose the resumption of negotiations whenever there is reason to believe that there may be a basis for agreement within the Commission without compromising United States principles. In particular, you will be ready to exploit any favorable reaction on the part of the Korean people or the Soviet representatives on the Joint Commission to conditions resulting from the implementation of paragraphs a and b above as the basis for agreement regarding the establishment of a nation-wide Provisional Korean Government. When negotiations are resumed, the United States representatives will look to SWNCC 176/18 for guidance and should also consider the following additional suggestions as possible means of resolving the present impasse in the Joint Commission:

(1) To hold nation-wide elections of a type consistent with United States concepts of democracy in order to select the group of representative democratic Korean leaders called for in paragraph 4 d (1) of SWNCC 176/18;

(2) To hold nation-wide elections of a type consistent with United States concepts of democracy in order to select the key members of a nation-wide Provisional Korean Government;

(3) To accept for consultative purposes the advisory legislative body called for in paragraph a (2) above as representative of all democratic parties and

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social organixations in southern Korea; and

(4) To use members of such an advisory legislative body for key positions in a nation-wide Provisional Korean Government.

6. Legal and Police Organization.

a. You will continue the substantive and procedural law now existing in Korea only insofar as it is consistent with the objectives of the occupation. You will encourage the Interim Legislative Assembly ~~legislative body provided for in paragraph 5 a (2) above~~ to initiate and pass laws, subject to your veto, and you will impose laws by decree or ordinance only insofar as other legislation is necessary to achieve the objectives of the occupation.

b. Ordinary criminal and civil courts in Korea will be permitted to continue to function subject to such regulations, supervision and control as you, or the legislative body with your approval, may provide. Personnel of the courts who are found to be incompetent or objectionable because of Japanese influence will be removed and will be replaced with acceptable and qualified successors. Full power of review will be retained by you over all courts which are allowed to function but will be ordinarily used only to set aside decisions which are inconsistent with the purposes of your mission. You will continue to take all necessary measures to cause the release of persons unjustly held in custody.

c. You will continue or appoint such military courts as may be necessary with jurisdiction over offenses involving U.S. personnel or property and over such other acts as you may declare to be offenses against your military occupation. You will, however, except as otherwise deemed necessary by you, assure that Korean courts exercise an effective jurisdiction over cases not of direct or predominant concern to your military occupation.

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d. You will retain appropriate existing police agencies and establish such others as may be necessary. All police agencies will be kept free of undependable and undesirable elements.

e. Existing policies will be continued relative to (1) arrest and internment of war criminals, (2) prisoners of war, United Nations Nationals, neutrals, and displaced persons, and (3) personnel objectionable because of Japanese influence.

7. Political Activity.

a. The dissemination of Japanese propaganda in any form will be prohibited and completely suppressed, and no rival of Japanese or pro-Japanese nationalistic societies will be allowed.

b. Subject to the necessity of maintaining the security of the occupying forces, the formation and activities of democratic political parties with rights of assembly and public discussion will be encouraged. You will continue your supervision over all political parties and those organizations and societies which participate in political activities.

c. Encouragement will be given to the development of democratic labor organizations in commerce, industry and agriculture.

d. To the extent that the security of your military occupation and the attainment of its objectives are not clearly prejudiced, you will continue to insure freedom of opinion, speech, press and assembly.

e. Freedom of religious worship shall be maintained.

f. You will not extend official recognition to, nor utilize for political purposes, any self-styled "Korean Provisional Government" or similar political organizations.

8. Other Administrative Measures.

a. United States military and civilian personnel in Korea should make special efforts to treat the Korean

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population in such a manner as to develop confidence in and increase the prestige of the United States and the United Nations. You will continue to provide your forces with information concerning the customs of the Korean people in order to contribute to a better understanding between your forces and the Korean people and to avoid friction and undesirable incidents.

b. You will continue, with appropriate publicity, your efforts to ensure the recruiting and training of suitable Koreans to replace at the earliest possible moment Japanese or non-desirable Koreans who have been retained in positions of responsibility by reason of their technical qualifications.

c. You will continue such minimum control and censorship of civilian communications including the mails, wireless, radio, telephone, telegraph and cables, films and press as may be necessary in the interests of military security and the accomplishment of the objectives of the occupation. Subject to such controls, you will facilitate and encourage the distribution of news and information, both domestic and foreign, through all channels and media. All available media of public information will be utilized for the guidance of the Korean people in the attainment of the objectives set forth in paragraph 3 a through the dissemination of American ideals and principles of democracy. The public information program shall be utilized to the fullest to further Korean understanding of and support for U.S. policies in Korea.

d. You will assist and cooperate with civilian agencies of the U.S. Government or of other United Nations Governments functioning in southern Korea in accordance with decisions communicated to you by the Joint Chiefs of Staff. The activities of such agencies will be subject to your control and authority.

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e. For the purpose of attracting the well qualified civilian personnel essential to the effective operation of the U.S. occupation of southern Korea, and for properly maintaining the occupation forces, you will initiate a program to provide acceptable living accomodations for United States personnel and their families. While immediately taking all practicable steps to provide living accommodations by utilizing and remodeling former Japanese and foreign-owned property, you will initiate plans to undertake such new construction as is necessary, submitting estimated requirements to finance such new construction in accordance with the provisions of paragraph 1 c above.

f. In view of the limited facilities and services existing in Korea, the provisions of War Department policy contained in WAR 80429 (12 March 1946) will not apply to War Department civilian employees or to other civilian personnel, employed by other agencies of the U.S. Government, who are operating under your command in connection with military government in Korea. While not committing U.S. funds beyond budgetary limitations, you will take all practicable steps to make available to U.S. personnel and their families facilities such as schools, hospitals, and household supplies and to assist them in maintaining a suitable community.

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PART II

CULTURAL

9. Objectives.

The basic cultural objectives of the United States with regard to Korea are:

a. To further the attainment of the overall objectives of the occupation,

b. To encourage and assist the Koreans in freeing their cultural institutions, and the educational system in particular, from all Japanese nationalistic influences which have been forced upon the country in the past, in establishing a free and revitalized educational system, and in preserving and developing their own traditional national culture along liberal and democratic lines, and

c. To encourage and assist the Koreans to prepare for and, to the extent that conditions permit, to participate in international cultural organizations and in international cultural exchange, so long as these are consistent with the purposes and objectives of the United Nations.

10. Education.

a. You will permit all bonafide educational institutions including libraries, museums and art gallaries, to remain open or to reopen as soon as possible. In order that the educational processes may continue with the least possible interruption, you will undertake to preserve the use of these institutions for educational purposes. Where temporary use for other purposes is deemed imperative, they shall be returned to their normal uses as soon as possible and in as nearly their original condition as practicable.

b. In order that Koreans may eventually achieve the level of literacy and educational standards necessary for the people of a democratic and independent state, you will permit, encourage, and assist in the expansion of existing educational facilities, ~~and~~ in the opening of appropriate new educational institutions and in carrying out and

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expanding a program of adult education. To the extent that such assistance involves the expenditure of U.S. funds, you will be limited by the amounts of U.S. funds available to you.

c. You will continue to insure that all teachers who have been exponents of Japanese militant nationalism and aggression and those who actively oppose the purposes of the military occupation are removed, and, wherever possible, replaced by acceptable and qualified successors.

d. Wherever qualified Koreans are not available for governmental, educational and other essential positions, you will continue to take whatever steps are necessary and feasible to insure that training for these positions is provided.

e. You will permit, encourage, and within the means at your disposal, assist the Koreans in programs for:

(1) the general training of an adequate number of teachers at all levels;

(2) inservice training of teachers for a revitalized educational system consistent with democratic, independend statehood;

(3) the reorientation and retraining of teachers who have been deprived of an adequate knowledge of their own culture, language and institutions.

f. You will continue to remove and prohibit the use of text books and curricula containing Japanese nationalistic propaganda and see that new text books and curricula of a liberal and democratic character suitable to the Korean people are provided as soon as practicable.

g. So far as consistent with the purposes and objectives of the occupation and the security of the occupying forces:

(1) You will permit and wherever feasible assist suitable Koreans to travel abroad for purposes of study and observation in all fields of knowledge and in all skills;

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(2) You will permit and encourage suitable citizens of Allied countries to teach and aid in educational, scientific, technical and related institutions; to carry out activities of a philanthropic and eleemosynary character; and to engage in religious instruction;

(3) You will permit and, within the means at your disposal, assist the flow into Korea of suitable educational materials including books and other publications, aural and visual aids, technical and scientific supplies specimens and other educational aids essential to the development of education and training; and, wherever conditions permit, you will also make available other suitable material from local sources at your disposal, including confiscated Japanese material.

h. In order that the progress of the Korean people in matters relating to the appreciation, protection and development of their traditional and historical national culture may proceed in an orderly fashion, you will permit and encourage the Koreans in the creation of societies and organizations for these purposes and for the general advancement of learning.

i. You should encourage the Koreans to make appropriate use of the museums, libraries, monuments, and related institutions for educational purposes.

j. You may request the services of competent educational, scientific and technical advisers whenever desirable.

k. In the event that the funds and other collective resources at your disposal or at the disposal of the Koreans are not adequate to insure the carrying out of programs based upon the above paragraphs, you should, under the provisions of paragraph 17 below, submit such requests and justifications for additional resources as you deem necessary for their fulfillment.

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11. Arts and Archives.

a. You will continue to take adequate measures for the protection and preservation of all historical, cultural, and religious monuments and objects against depredations by the occupying forces, or others.

b. You will discourage premature attempts at archaeological excavations or the undertaking of any extensive restoration, repairs or remodeling of monuments or other cultural objects except as may be necessary for their preservation, and then only under the guidance of competent experts.

c. You will take such measures as appear appropriate to encourage and, within the means at your disposal, to assist the training of competent Korean scholars and experts so that they may be prepared to assume full responsibility for the administration, technical care, and utilization of their historical and cultural property.

d. You will cause to be preserved the records and reports prepared during the period of Japanese control, (including those of the Government General, government departments and bureaus and all government-administered institutions and organizations), the records of important Japanese or Japanese controlled private, financial, industrial, manufacturing, and business concerns, the archives of the former kingdom of Korea and all other historical archives.

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PART III

ECONOMIC

12. Objectives.

The basic economic objectives of the United States with regard to Korea are:

a. To further the attainment of the overall objectives of the occupation.

b. To establish a strong independent Korean economy free from domination by Japan or any foreign power as a necessary foundation for political independence.

c. To assist the Koreans in developing an economy which will provide them with as high a standard of living and as great economic security as their resources and technological development will permit.

d. To assist the Koreans in initiating a broad program of domestic economic reforms which will encourage stable democratic institutions.

13. General Policy for Attainment of Objectives.

While at all times and in all circumstances you are empowered to take such direct action as necessary, insofar as possible, you will accomplish these objectives as follows:

a. By encouraging maximum local production and equitable distribution of needed goods.

b. By encouraging Korean participation in world trade particularly with a view to stimulating exports, procuring imports essential to the attainment of the objectives of the occupation and keeping to a minimum the quantity of imports which must be financed by the U.S.

c. By encouraging in the United States zone Korean responsibility, initiative and participation in economic activities in all ways which are not inconsistent with the maintenance of necessary military control, by

(1) utilizing for this purpose the advisory, legislative body as provided for in paragraph 5 d (2) above, and