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(2) encouraging Koreans to assume responsibility insofar as possible for administration of economic programs, with participation of U.S. personnel directed primarily to high level advice, guidance, technical assistance and training in fields where skilled Korean personnel is limited.

d. Immediately upon receipt of this directive, you will publicly announce that all U.S. occupation costs in Korea, including pay and subsistence of troops and expenditures of U.S. dollars for all imports into Korea for prevention of disease and unrest and for purposes of the occupation, will be considered as a charge against Japan, and not against Korea; and that repayment to the U.S. for such expenses incurred on behalf of Korea will be considered a part of the U.S. reparations claim against Japan. You will also publicly announce that we will expect the Koreans to forgive any claims they may have for repayment for won advanced for costs of occupation.

14. Reintegration of Economy of Northern Korea with that of Southern Korea.

Early reintegration of the economy of northern Korea with that of southern Korea continues to be an important aim of U.S. policy. You will be prepared to instruct the U.S. representatives on the Joint Commission to resume negotiations with the Soviet representatives to effect economic reintegration at any time. Meanwhile, you will continue your efforts to arrange with the Soviet Commander of northern Korea for the exchange of goods between the northern and southern zones.

15. Domestic Economic Program.

a. In order to control inflation, maximize production of needed goods, ensure equitable distribution of such supplies as are available, and introduce greater stability into the economy of southern Korea, you will establish such measures for rationing, price control, allocation of materials, production control, and such other appropriate

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fiscal and administrative measures as you deem necessary. You will encourage Korean participation in the formulation and administration of these measures. You will guide the establishment of such controls so that, insofar as possible, they will be developed only as temporary measures to revive the economy following a period of disruption caused by war and will be administered to bring about such balance and stability as would permit their elimination as soon as possible.

b. Safeguards should be taken to assure to the Koreans adequate opportunity to determine for themselves the ultimate character of economic institutions and activities within Korea. You will assist them in every way possible to develop an economy so organized as to facilitate the growth of peaceful and democratic, political, social and economic institutions. Such an economy in Korea might well be of the "mixed" type including various arrangements for industrial organization such as public, private and cooperative ownership, and an agriculture based firmly on a large number of small farmer proprietors. You will encourage popular discussion of economic reforms such as redistribution of land ownership or development of credit cooperatives and promote active Korean participation in the formulation and administration of measures to accomplish these reforms along the lines indicated in paragraph 13 c.

16. Foreign Trade.

Subject to your control, participation of Koreans in world trade will be encouraged. You will establish measures to stimulate exports from Korea, to limit imports and other expenditures requiring foreign exchange to items essential for the achievement of all the objectives of the occupation, and to establish control over all Korean foreign exchange in order to pay for a maximum proportion of such necessary imports and reduce U.S. commitments for this purpose to a

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minimum. As in the case of domestic economic controls, such measures should be of temporary duration for the purpose of dealing with the present abnormal situation.

17. Civilian Supply.

a. You will assure that all practicable measures are taken to achieve the maximum utilization of Korean resources in order to limit U.S. responsibility for imports into Korea. Such measures will include the controls discussed in paragraph 15 a above.

b. Insofar as essential goods necessary to accomplish the objectives set forth in paragraph 12 cannot be furnished through local Korean production or through imports financed by relief and charitable agencies such as UNRRA, it is the policy of the United States Government to provide such imports, subject to the following procedures and to budgetary limitations:

(1) You will submit periodically to the Joint Chiefs of Staff statements of over-all import requirements essential to attain these objectives, setting forth specific justifications of items and quantities.

(2) You will indicate proposed sources of supply and methods of financing for these import programs according to the following categories:

(a) Surplus or Excess U.S. Government Stocks in Asia and the Pacific.

As high a proportion of your import requirements as possible should be obtained from excess U.S. government stocks. Additional goods, suitable in type and cost to Korea's economy and available in surplus property stocks, should be obtained within the limits of Foreign Liquidation Commission and such other credits as may be made available to you.

(b) Imports from Japan.

Such essential imports as Korea can most easily and economically obtain from Japan should,

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during the period of rehabilitation, be supplied from that country to the extent that they are available. In accordance with the policy stated in paragraph 13 d above, Iimports into Korea from Japan will provisionally be consdered as deductions from Japanese obligations to the United States for repayment of Japanese imports, and shall be included in ~~considered as an initial advance to Korea by~~ the United States reparations claims as a cost resulting from liquidation of the war against Japan.

(c) Imports Financed by Korean Foreign Exchange and Exports.

Other essential imports should be financed to the maximum extent through Korean foreign exchange or exports.

(d) Imports Financed by U.S.

All other sources should be fully exploited before establishing import requirements which must be financed by the U.S. Government.

18. Resumption of Foreign Business Operations.

U.S. policy calls for the resumption of normal foreign business operations in Korea as soon as possible. You may, subject to the controls established in implementing paragraph 16 above, authorize travel of Allied businessmen to southern Korea and of Korean businessmen to Allied countries when you consider such travel desirable. When authorizing such travel you will consider the needs of the Korean economy for industrial development and technical assistance, the necessity of preventing foreign enterprises from obtaining control over any part of the Korean economy, the availability of living facilities and any other relevent considerations. Opportunities for such travel will be open on equal terms to businessmen of all Allied countries which practice no discrimination against U. S. interest The detailed terms and limitations under which Allied businessmen will be permitted to enter southern Korea will be determined by

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the United States Government upon receiving your recommendations. To the extent that such a program will improve the Korean economy, you will enlist the aid of U.S. and other Allied technicians and experts in training Koreans to carry out necessary economic activities.

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PART IV

FINANCIAL

19. In the administration of financial matters, you will continue to use Korean personnel and existing agencies and financial institutions in Korea to the maximum extent consistent with the objectives of the occupation. You should establish new agencies, or reorganize existing ones, to the extent necessary to assure the effective execution of the policies and programs of this directive. You will continue to remove and exclude from positions of responsibility or influence all personnel objectionable because of Japanese influence. You may establish administrative machinery not dependent upon Korean authorities and agencies to the extent necessary to execute or assure the effective execution of the policies and programs in this directive. Such machinery will be integrated with other Korean agencies as early as practicable to insure maximum efficient and economical administration of Korean financial affairs.

20. You will continue to take all steps necessary to terminate Japanese influence over financial institutions in Korea. You will not permit communication or other contact involving business, commercial, or financial matters between Japanese nationals in Japan and persons within Korea.

21. The legal tender in Korea will be Bank of Chosen notes. Until further directed ~~you~~ you will not permit any other currency to circulate. You will not announce, establish or permit the use or publication of any general rate of exchange between Bank of Chosen notes and the United States dollar and other currencies. The rate of conversion to be used exclusively for pay of military and naval personnel and for military and naval accounting purposes will be governed by separate directives ~~continue for the time being to be 15 Bank of Chosen yen for one United States dollar.~~

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22. a. The Bank of Chosen will continue to perform central banking functions under your direction. The central banking functions of the institution will, for the purposes of accurate accounting and the training of specialized personnel, be segregated from its commercial banking activities and handled by a separate department of the bank. You may if you deem appropriate change the English translation of the name of the bank to "Bank of Korea".

b. The local currency needs of your occupation forces in Korea and any funds in excess of revenues required to finance the operations of the Military Government in Korea will be obtained from the central banking department of the Bank of Chosen. Adequate funds in Korean legal tender may be made available to financial and business institutions in Korea to finance activities which you consider essential to the Korean economy.

c. Your Military Government in Korea, either directly or through the central banking department of the Bank of Chosen, should maintain strict control of bank credit in Korea, regulate rates of interest, conduct periodic bank examinations, require banks to maintain reserves against deposits, and take such other measures as may be required to assure adequate supervision and control of the Korean financial and credit structure.

23. You will continue to maintain such accounts and records as may be necessary to reflect the financial operations of your military occupation and you will provide the Joint Chiefs of Staff with such information as they may require. Separate accounts will be kept of all receipts and expenditures in United States dollars and all receipts and expenditures in Korean legal tender currency arising from (1) the normal function of government in Korea and (2) the military occupation of Korea.

24. You will continue to take action necessary to ensure that all laws and practices promulgated by the Japanese author-

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ities relating to taxation or other fields of finance in Korea which discriminate for or against any person because of race, nationality, creed or political opinion, will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. The Military Government in Korea should take all steps necessary to revise the tax structure and to take such other measures as may be required to assure the adequate inflow of revenues, and should exercise control and supervision over the expenditures of public funds to the extent necessary to achieve the purposes of the occupation. Funds in excess of normal government revenues necessary to financial, essential government activities and programs necessary for the accomplishment of the objectives of the occupation may be borrowed by the Military Government from the Bank of Chosen in accordance with the provisions of paragraph 22 of this directive; however, such expenditures in excess of revenues should be kept to a minimum. You will make no commitment beyond the purview of Congressional appropriations for approved War Department civil affairs/ military government operations that might be construed as an obligation of the dollar funds of the United States Government.

25. No transaction with respect to any impounded or blocked assets will be effected except pursuant to licenses or other authorizations issued by your Military Government in Korea. You will impound or block all gold, silver, platinum, currencies, securities, accounts in financial institutions, credits, valuable papers, and all other property falling within the following categories:

a. Property owned or controlled, directly or indirectly, in whole or in part, by any of the following:

(1) The governments, nationals or residents of Germany, Italy, Bulgaria, Rumania and Hungary;

(2) Any persons specified by Military Government by inclusion in lists or otherwise.

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b. Property in Korea which is, or has been since 6 December 1941, owned or controlled directly or indirectly, in whole or in part, by any person outside Korea or Japan.

c. Identifiable looted property.

Identifiable looted property in Korea and property of Allied nationals which was vested by the Japanese Government should be restored as promptly as possible.

26. All transactions in foreign exchange and foreign exchange assets, including those arising out of exports and imports, shall be controlled for the purpose of achieving the objectives of the occupation. To effectuate such objectives you will:

a. prohibit, except as specifically authorized by your Military Government in Korea, all dealings in foreign exchange assets and all foreign exchange transactions.

b. establish effective controls over the import and export of

(1) gold, silver, whether in coin or bullion form, platinum and other precious metals;

(2) currency;

(3) securities;

(4) checks, drafts, bills of exchange, promissory notes, payment instructions, tranfer orders and other financial instruments;

(5) powers of attorney or other authorizations or instructions to effect financial or property transactions; and

(6) other evidences of indebtedness or ownership of property.

c. make available any foreign exchange only for the payment of imports <u>including services</u> necessary to the accomplishment of the objectives of the occupation. No other outlay of foreign exchange assets will be made without specific approval by your government through the Joint Chiefs of Staff.

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d. As used herein, the term "foreign exchange asset" shall include, but not by way of limitation, gold, silver, whether in coin or bullion form, platinum; any foreign currency, property physically situated outside of Korea; claims, demands, bank deposits, credits, securities, checks, drafts, insurance policies, or other evidences of ownership or indebtedness issued by or which are obligations of any person outside of Korea; copyrights, patents or trade-marks, issued by any country other than Japan, and any contracts or licenses relating thereto.

e. As used herein the term "transactions in foreign exchange" shall include, but not by way of limitation, any transaction involving any foreign currency, any payment or transfer to or from any foreign country, any transfer of credit, or payment of an obligation, expressed in terms of a foreign currency, any purchase sale, transfer or other dealing in any foreign currency; any financial or property transaction between a person in Korea and a person outside Korea, whether or not expressed in terms of any foreign currency, and any transaction involving any obligation owed by any person in Korea to any person outside of Korea or owed by any person outside of Korea to any person in Korea.

27. You should seek out, reduce to actual possession and, when title is a matter of record, effect transfer of record title to Military Government of all Japanese public and private property interests title to which was vested in the Military Government of Korea by its Ordinance No. 33 of 6 December 1945. In the case of juridical persons chartered in Korea steps may be taken to make the ordinance applicable only to the Japanese interests of such juridical persons. The Military Government in Korea will hold vested property for ultimate disposition in accordance with instructions to be forwarded to you.

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APPENDIX "E"

ENCLOSURE

SECRET

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23 January 1947

SWNC SUBCOMMITTEE ON FOREIGN POLICY INFORMATION

PUBLIC INFORMATION PROGRAM ON KOREAN OCCUPATION POLICY

SITUATION

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 the sound economy and adequate educational system necessary for an independent, democratic state.

2. Korea is at present divided into two zones of military occupation, the United States occupying that part south of 38°, and the USSR occupying the northern part of the country. However, through the Cairo and Potsdam Declarations, the United States, 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 USSR 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 Moscow Conference, these serious consequences of the bizonal occupation were discussed and a portion of the Moscow Agreement between the U.S., USSR and Great Britain was devoted to Korea. This portion of the Agreement, to which China subsequently subscribed, provided that:

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a. 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. (This conference, held in early 1946, achieved no substantial results.)

b. 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.

c. The Joint Commission, with the participation of the provisional Korean government (when established) and Korean democratic organizations, would work out measures leading to the independence of Korea. These measures, including proposals regarding a five year trusteeship over Korea, would be submitted to the four trust powers, the U.S., U.K., USSR and China, for approval.

4. 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.

From the beginning the Soviet position was that the provisional Korean Government would be formed after consultation with only those political parties and social organizations fully in favor of the 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 cooperate with the Joint Commission in carrying out the aims of the Moscow Agreement.

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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 the principle of the freedom of speech. As it became evident that no progress could be made, the Commission adjourned sine die on May 8th.

The U.S. Command has taken the initiative and on several occasions pressed the Soviet Command for resumption of negotiations on a basis not inimical to essential individual rights.

5. Divergent policies pursued by the occupying forces of the United States and the USSR have served to create in Korea an intensification of the division of that country during the past 17 months.

a. In the Soviet occupied zone of Korea, "people's committees" have been formed under the supervision of the "interim people's committee of north Korea". These committees have subordinated to themselves all other political parties or organizations insofar as their influence is felt in the administration of the area. Soviet direction of the committees is complete, and "elections" held in the north during September, 1946 reveal an unreal unanimity of opinion by Koreans residing in the Soviet zone. The Soviet political pattern as developed in other countries has been followed in the north. The best available information indicates that this regime is not popular with the Koreans.

b. 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 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

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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 forward looking programs in political, economic and cultural affairs. There is considerable unrest in south Korea because of the Koreans' desire for immediate independence and a growing belief that there will never be any results from U.S.-Soviet negotiations. 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. The Communists are using tactics typical of those employed in other areas under their control to gain strength and are pointing out that it is to the advantage of individual Koreans to support Communist objectives now. Complicating the confused political picture is the political inexperience of the Koreans after 40 years of foreign domination. An interim legislative assembly for south Korea was convened December 12, 1946 which is designed to further political maturity and to give expression to Korean views and aspirations. Encouragement is being given to moderate elements, and it is hoped that these will become dominant in the Interim Legislative Assembly. General Hodge has made it clear that, while encouraging legitimate Korean aspirations for their own government, he does not intend to transfer his executive power to this legislature or any other agency until a provisional government of unified Korea is formed.

6. Unless the U.S. people, and consequently Congress, support present U.S. policy and programs for Korea, it will not be possible to obtain the funds on which the programs depend. The success or failure of U.S. policy toward Korea thus appears to depend, in large part, on informing the U.S. people of the issues involved.

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PROBLEM

7. To inform the American people of the problems, issues and U.S. commitments involved in Korea, and their relationship to overall U.S. foreign policy in order to obtain the popular support required to achieve our objectives in Korea.

INFORMATION THEMES

8. Background on Korea as Basis for U.S. Policy. The effect on Korean people, and the country, of 40 years of Japanese domination should be presented factually. Korean sensibilities must be taken into account by recognizing the fact that they have an extensive cultural and historical background that is their own. It should be stressed at all times that Koreans are a liberated people. They should not be thought of in the same terms as Japan, as a defeated enemy. By living up to our commitments in Korea through the steadfast pursuit of our policy, the United States will be furthering its prestige in the Far East gained by our record in the war and the fact that we have implemented our promise to give the Filipinos their own independent government. It should also be stressed that by living up to our commitments and thus creating an effectively independent Korea, we are contributing to the stability and peace of East Asia which so vitally affects the economic and political welfare of the U.S. In this connection, it may be pointed out that a weak Korea has twice within the past half century been a cause of international conflict.

9. Liberals. Emphasis should be placed on the encouragement now being given to liberals in South Korea (see paragraph 5 b).

10. Korea as a Direct Point of Contact Between the U.S. and the USSR. The U.S. public has a limited interest for Korea as such, although as a phase of U.S.-USSR relations, it attracts attention. The fact that the U.S. intends to carry out its commitments without sacrificing the essential human rights for which it stands should be stressed. Such unilateral action as is being

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taken by the U.S. in its zone can be presented as constructive steps designed to fulfill Korean desires for a united, independent country. The success of these steps, and the effect of the constant pressure exerted by reason of our presence in Korea, may serve to convince the USSR that they should cooperate with us. It may be shown that our activities in south Korea and ultimate objectives for a unified, democratic Korea will in no way be a danger to the legitimate interests of the USSR in Korea or elsewhere. On the other hand, it may also be shown that vacillation on the part of the U.S. in this respect would have its effect not only in Korea, but in other areas of the Far East, and the rest of the world. Successful negotiations to accomplish the simultaneous withdrawal of U.S. and Soviet troops would not in itself assure the unification of the country. In view of the sharply divergent political views in Korea, civil war might result. It is questionable whether Korea could automatically become a democratic and effectively independent nation subsequent to such withdrawal, particularly in view of obvious communist aims in north and south Korea. In addition to being a united nation, Korea must not only retain its political integrity, it must be healthy economically and socially before it is really free.

11. Soviet Obstructive Tactics. To offset anti-American propaganda and Soviet obstructive tactics, point up positive factors in U.S. occupation policies designed to fulfill our commitments for a unified, independent Korea. Anti-American propaganda and other obstructive tactics (See Appendix) should be treated by making factual and timely statements, exercising due care not to jeopardize further negotiations. The reasons for the breakdown of negotiations in pursuance to the Moscow Agreement (paragraph 4 above) may be made clear.

12. Trusteeship. The U.S. is committed to the creation of some form of trusteeship over Korea under the U.S., the U.K., the USSR and China for a period of up to five years, unless there

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is general agreement among the four powers that conditions make this unnecessary. The word "trusteeship" should be avoided as much as possible, because of the hatred of the Koreans for this word, which was used by the Japanese as a euphemism for their early rule over Korea.

INFORMATION OPERATIONS

(Supplementing Existing Programs)

13. Timing. Flow of information should be stepped up immediately in view of Congressional appropriations hearings.

14. Background Conferences (off the record) for media representatives. Suggested participants: Top officers of the three departments assisted by specialists in political, economic and cultural fields. In these conferences, care should be taken to give possible USSR views and actions (see paragraph 11 and the Appendix) perspective by relating them to facts, and to interpret these facts in the light of U.S. objectives and policy.

15. Prepared Press Conferences in which top officers of the three departments, assisted by specialists, present material on specific developments affecting Korea. Transcripts could be worked into background summaries and given wider circulation to editors, writers, and commentators.

16. Possible Speech by General MacArthur. General MacArthur's public statements have had a profound influence on U.S. public opinion. A speech by him, perhaps in connection with a visit to Korea, would draw U.S. attention to Korea and bring popular support to current U.S. policies and objectives in Korea.

17. Speeches by Top Policy Officers and Specialists. Appropriate times and places should be selected when top officers of the three departments (State, War, Navy) and U.S. officials returning from Korea might cover current developments in Korea. Discussion and community groups should be encouraged to discuss Korea, and specialists should be provided by the departments, upon request, to contribute material on their particular fields.

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18. Background Summary. War Department to furnish writer. Summary should include information on historical and cultural background of Korea. (See paragraph 10 above.)

19. Documentary Film: War Department has requested the Commander-in-Chief, Far East Command, to have filmed a minimum of 5000 feet of documentary motion pictures on the occupation of Korea. It is understood that upon receipt, this film will be reviewed and releasable footage will be offered to civilian motion picture agencies and private discussion groups.

20. Exclusive Interviews. Series of exclusive interviews on different aspects of Korean problem arranged for influential columnists with selected officials returning from Korea, as soon as they arrive.

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APPENDIX

EXPECTED COMMUNIST PROPAGANDA

1. The project of educating the U.S. people on the necessity of achieving U.S. objectives in Korea will encounter considerable opposition from Communist, and directly or indirectly Communist-inspired, propaganda. This propaganda, already active, may be expected to devote maximum attention to efforts to curtail Congressional appropriations for Korea. It will exploit, magnify or create the following and other considerations in an effort to confuse American thinking with regard to Korea:

a. The proximity of Korea to the Soviet Maritime Provinces proves that the security of the U.S.S.R. is more directly involved in Korea than is that of the U.S.;

b. The direct clash of interests of the U.S. and U.S.S.R. in Korea is of such a nature as to create incidents and tension which may eventually generate a new world war;

c. No progress towards real independence for Korea can be expected until both the U.S. and U.S.S.R. withdraw from Korea;

d. The U.S. occupation of Korea is an imperialist venture supported by self-seeking U.S. capitalists;

e. The cost of U.S. occupations throughout the world is a vast and unwarranted burden on the U.S. taxpayer, the reduction of which should immediately be initiated in Korea, the least important area occupied by U.S. forces;

f. Unless the current stupendous military budget of the U.S. is cut drastically other nations may doubt our peaceful intentions; cutting occupation costs, particularly in Korea, will help reduce the size of that budget and consequently reassure the other nations of the world;

g. The U.S. occupation of southern Korea has failed, particularly in comparison with the successful results of Soviet occupation of northern Korea; proof is contained in such factors as:

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(1) Inability to obtain the high-caliber personnel necessary to carry out our occupation policies,

(2) Poor handling of riots in south Korea,

(3) Preferential treatment of Japanese and pro-Japanese Koreans,

(4) Lack of social reform in south Korea,

(5) Occupation personnel, and policies instituted by them, favor the wealthy classes and discriminate against the poor,

(6) U.S. occupation authorities have, for selfish reasons, backed expatriate reactionaries against progressive native liberals in the struggle for political power,

(7) Lack of results in negotiations with the U.S.S.R.,

(8) Instances of misbehavior of U.S. troops,

(9) Lack of progress in economic affairs in south Korea, resulting in greater hardship than at any time under Japanese rule,

(10) Poor handling of "trusteeship" question.

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SECRET

APPENDIX "F"

Washington, D. C.
February 25, 1947

MEMORANDUM FOR THE SECRETARY OF STATE AND THE SECRETARY OF WAR

Subject: Korea

The Special Inter-Departmental Committee on Korea, established to prepare policy recommendations for the Secretaries with regard to Korea, has reached general agreement with regard to a U.S. course of action in Korea. It will be a few days, however, before the detailed report and recommendations of the committee have been prepared and have been discussed with Mr. Grew.

In view of the early departure of the Secretary of State for Moscow, and the opinion of this committee that he should discuss the question of Korea in Moscow, it appears desirable that certain pertinent aspects of the committee's proposed report should be considered by the two Secretaries prior to the departure of the Secretary of State.

Enclosed is an initial draft of the general discussion and recommendations to be contained in the committee's final report. It is the view of the committee that two measures are essential to obtaining a satisfactory solution of the difficult Korean problem. These measures, discussed in Section IV of the enclosed initial draft report are:

a. An approach to the Soviet Government, prior to the close of the forthcoming Moscow Conference, and

b. Special legislation by the Congress to authorize and appropriate funds for a positive program for economic rehabilitation, educational and governmental improvement, and political guidance for Korea.

A governmental approach at this time might be considered by the Soviets as a sign of U.S. weakness in Korea. A properly planned aggressive approach, however, will minimize such an appearance of weakness. It is felt, furthermore, that such

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an approach would be of inestimable assistance to General Hodge in alleviating the situation in Korea, would clarify the U.S. position with regard to its intentions in Korea, and would prove to Congress that all possible efforts had been made to achieve a Korean settlement.

A positive political, cultural and economic program will be necessary, not only to improve the present unsatisfactory conditions in Korea, but in order to strengthen our hand for any future negotiations with the Soviets. It will be necessary to convince Congress that a strong affirmation of U.S. purposes in Korea, expressed by Congressional approval of a three-year program and separate appropriations for Korea for fiscal year 1948, is absolutely essential in order to enable us to approach the Soviets on a sufficiently strong basis to give hope of securing a settlement satisfactory to the U. S. It is now anticipated that such a program will amount to approximately $600,000,000 for the three years, of which approximately $250,000,000 would be spent during the fiscal year 1938, an increase of $113,000,000 over the $137,000,000 now allocated to Korea in the proposed 1948 War Department budget. Without such a program, and the necessary legislation, the committee feels that the Korean situation will so deteriorate as to seriously impair the U.S. world position.

In order to assure the maximum possibility of success in the governmental approach to the USSR, the committee believes it desirable to coordinate the timing of the approach with Presidential submission to Congress of the proposed special Korean legislation, since it is believed that this will not delay the approach.

The committee recommends that the course of action proposed above be approved in principle by the Secretaries of State and War.

J. Weldon Jones

J. K. Penfield

A. V. Arnold

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SECRET

APPENDIX "A"

334.
Interdepartmental
Committee, Korea

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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APPENDIX "A"

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.

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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 co-operation as possible to 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 ~~overall~~ 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

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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 ~~has~~ 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 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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APPENDIX "A"

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 ~~may be~~ 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 ~~increasing~~ stimulating healthy governmental activity on Korean ~~participation in~~ local and provincial ~~government organs~~ levels. ~~In most cases it will probably be possible completely to Koreanize these local and provincial government agencies.~~ 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, ~~for government affairs as a whole.~~

Every effort should continue to be made in the appointment of Koreans to administrative posts, to select Koreans from all political

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APPENDIX "A" (continued)

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 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 ~~it to be considered mandatory that~~ all positions to be filled by election. Appropriate key posts, particularly in the national administration, ~~may, therefore,~~ 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.

~~While~~ 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

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APPENDIX "A" (continued)

democratic basis than the traditional Korean system now used, ~~it is believed primary emphasis~~ Special effort should be made ~~or~~ developing laws governing local and provincial elections so that the policies mentioned in the preceding section ~~above~~ 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 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. ~~Therefore,~~ 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.

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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 established as soon as practical with similar functions and authority. 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 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.

Pending the political unification of Korea, no official recognition should be given to any individual, party or group in south

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~~in south Korea, nor transfer to~~ be made to the Interim Legislative ~~Assembly or similar body of any of the executive power of the United States Commander.~~ 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 beaders of the majority and minority parties in the assembly, to assist him in his task.

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APPENDIX "A"

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.

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

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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.

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 educational device, 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:

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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ANNEX "A"

~~A Positive Program for South Korea~~

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.

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

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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.

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

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let out under management contracts, larger units. The need for maximum responsibility of Koreans 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.

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

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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 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:

(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

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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 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. <u>Industrial Survey</u>

According to Japanese figures of 1944 there were then approximately 3700 manufacturing plants in South Korea employing over 15 persons, 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

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limits the collection of basic industrial data for determination of policy with respect to vested properties and the operation thereof.

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 uniformily 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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APPENDIX "A" (continued)

V. Administrative and miscellaneous measures.

A. Civilianization of Military Government

It is anticipated that US 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 US 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

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the relationship between the US Army Commander in Austria and CG USFET.

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

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 USFIK. 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 msome 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 adviser 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 advisers to the

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Korean government or administering authority of a trusteeship.

The political adviser 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 adviser sent or received by either Department. Matters of interest to both Departments should be coordinated before action is taken by either Department.

B. New

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APPENDIX "A" (continued)

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 "C"

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 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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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

[redacted]

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.

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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 "D"

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APPENDIX "D"

SECRET

[redacted]

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.

~~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

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

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PART I

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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.

plates 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;

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SECRET

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.

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

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[illegible] 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. [redacted] A political adviser of ambassadorial status, to 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 personnel 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 such as the term "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 adviser 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.

Omitted to the Joint Chiefs through you as proposed in your cable 1 June. You will assure that there is appropriate distribution of all communications to the political adviser.

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yourself to take direct action where required to carry out the objectives of the occupation.

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. 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; and

(2) ~~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

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in the southern zone, pending the establishment of a Provisional 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 ~~advisory legislative body, when constituted,~~ Interim Legislative Assembly 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 contentious 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

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a (2) above as representative of all democratic parties and social organizations 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 ~~legislative body provided for in paragraph 5 a (2) above~~ Interim Legislative Assembly 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

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exercise an effective jurisdiction over cases not of direct or predominant concern to your military occupation.

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 revival of Japanese or pro-Japanese nationalistic societies will be allowed.

b. Subject to the necessity of maintaining the security of the occupyiny 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 partics 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.

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8. Other Administrative Measures.

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

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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.

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 accommodations 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.

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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 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, independent 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.

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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;

(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.

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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.

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

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

(2) encouraging Koreans to assume responsibility insofar as possible for administration of economic programs, with participation of U.S. personnel directed primarily to high level advice, guidance, technical assistance and training in fields where skilled Korean personnel is limited.

14. Reintegration of Economy of Northern Korea with that of Southern Korea.

Early reintegration of the economy of northern Korea with that of southern Korea continues to be an important aim of U.S. policy. You will be prepared to instruct the U.S. representatives on the Joint Commission to resume negotiations with the Soviet representatives to effect economic reintegration at any time. Meanwhile, you will continue your efforts to arrange with the Soviet Commander of northern Korea for the exchange of goods between the northern and southern zones.

15. Domestic Economic Program.

a. In order to control inflation, maximize production of needed goods, ensure equitable distribution of such supplies as are available, and introduce greater stability into the economy of southern Korea, you will establish such measures for rationing, price control, allocation of materials, production control, and such other appropriate fiscal and administrative measures as you deem necessary. You will encourage Korean participation in the formulation and administration of these measures. You will guide the establishment of such controls so that, insofar as possible, they will be developed only as temporary measures to revive the economy following a period of disruption caused by war and will be administered to bring about such balance and stability as would permit their elimination as soon as possible.

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d. Immediately upon receipt of this directive, you will publicly announce that all U.S. occupation costs in Korea, including pay and subsistence of troops and expenditures of U.S. dollars for all imports into Korea for prevention of disease and unrest and for purposes of the occupation, will be considered as a charge against Japan, and not against Korea; and that repayment to the U.S. for such expenses incurred on behalf of Korea will be considered a part of the U.S. reparations claim against Japan. You will also publicly announce that we will expect the Koreans to forgive any claims they may have for repayment for won advanced for costs of occupation.

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b. Safoguards should be taken to assure to the Koreans adequate opportunity to determine for themselves the ultimate character of economic insitutions and activities within Korea. You will assist them in every way possible to develop an economy so organized as to facilitate the growth of peaceful and democratic, political, social and economic institutions. Such an economy in Korea might well be of the "mixed" type including various arrangements for industrial organization such as public, private and cooperative ownership, and an agriculture based firmly on a large number of small farmer proprietors. You will encourage popular discussion of economic reforms such as redistribution of land ownership or development of credit cooperatives and promote active Korean participation in the formulation and administration of measures to accomplish these reforms along the lines indicated in paragraph 13 c.

16. Foreign Trade.

Subject to your control, participation of Koreans in world trade will be encouraged. You will establish measures to stimulate exports from Korea, to limit imports and other expenditures requiring foreign exchange to items essential for the achievement of all the objectives of the occupation, and to establish control over all Korean foreign exchange in order to pay for a maximum proportion of such necessary imports and reduce U.S. commitments for this purpose to a minimum. As in the case of domestic economic controls, such measures should be of temporary duration for the purpose of dealing with the present abnormal situation.

17. Civilian Supply.

a. You will assure that all practicable measures are taken to achieve the maximum utilization of Korean resources in order to limit U.S. responsibility for imports into Korea. Such measures will include the controls discussed in paragraph 15 a above.

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b. Insofar as essential goods necessary to accomplish the objectives set forth in paragraph 12 cannot be furnished through local Korean production or through imports financed by relief and charitable agencies such as UNRRA, it is the policy of the United States Government to provide such imports, subject to the following procedures and to budgetary limitations:

(1) You will submit periodically to the Joint Chiefs of Staff statements of over-all import requirements essential to attain these objectives, setting forth specific justifications of items and quantities.

(2) You will indicate proposed sources of supply and methods of financing for these import programs according to the following categories:

(a) Surplus or Excess U.S. Government Stocks in Asia and the Pacific.

As high a proportion of your import requirements as possible should be obtained from excess U.S. government stocks. Additional goods, suitable in type and cost to Korea's economy and available in surplus property stocks, should be obtained within the limits of Foreign Liquidation Commission and such other credits as may be made available to you.

(b) Imports from Japan.

Such essential imports as Korea can most easily and economically obtain from Japan should, during the period of rehabilitation, be supplied from that country to the extent that they are available in accordance with the policy stated in paragraph 13 d above. Imports into Korea from Japan will provisionally be considered as deductions from Japanese obligations to the United States for

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repayment of Japanese imports, and shall be ~~considered as an initial advance to Korea by~~ included in reparations claims as a cost resulting from liquidation of the war against Japan the United States.

(c) Imports Financed by Korean Foreign Exchange and Exports.

Other essential imports should be financed to the maximum extent through Korean foreign exchange or exports.

(d) Imports Financed by U.S.

All other sources should be fully exploited before establishing import requirements which must be financed by the U.S. Government.

18. Resumption of Foreign Business Operations.

U.S. policy calls for the resumption of normal foreign business operations in Korea as soon as possible. You may, subject to the controls established in implementing paragraph 16 above, authorize travel of Allied businessmen to southern Korea and of Korean businessmen to Allied countries when you consider such travel desirable. When authorizing such travel you will consider the needs of the Korean economy for industrial development and technical assistance, the necessity of preventing foreign enterprises from obtaining control over any part of the Korean economy, the availability of living facilities and any other relevant considerations. Opportunities for such travel will be open on equal terms to businessmen of all Allied countries which practice no discrimination against U.S. interests. The detailed terms and limitations under which Allied businessmen will be permitted to enter southern Korea will be determined by the United States Government upon receiving your recommendations. To the extent that such a program will improve the Korean economy, you will enlist the aid of U.S. and other Allied technicians and experts in training Koreans to carry out necessary economic activities.

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PART IV

FINANCIAL

19. In the administration of financial matters, you will continue to use Korean personnel and existing agencies and financial institutions in Korea to the maximum extent consistent with the objectives of the occupation. You should establish new agencies, or reorganize existing ones, to the extent necessary to assure the effective execution of the policies and programs of this directive. You will continue to remove and exclude from positions of responsibility or influence all personnel objectionable because of Japanese influence. You may establish administrative machinery not dependent upon Korean authorities and agencies to the extent necessary to execute or assure the effective execution of the policies and programs in this directive. Such machinery will be integrated with other Korean agencies as early as practicable to insure maximum efficient and economical administration of Korean financial affairs.

20. You will continue to take all steps necessary to terminate Japanese influence over financial institutions in Korea. You will not permit communication or other contact involving business, commercial, or financial matters between Japanese nationals in Japan and persons within Korea.

21. The legal tender in Korea will be Bank of Chosen notes. Until further directed ^ You will not permit any other currency to circulate. You will not announce, establish or permit the use or publication of any general rate of exchange between Bank of Chosen notes and the United States dollar and other currencies. The rate of conversion to be used exclusively for pay of military and naval personnel and for military and naval accounting purposes will ~~continue for the time being to be 15 Bank of Chosen yen for one United States dollar.~~ be governed by separate directives.

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22. a. The Bank of Chosen will continue to perform central banking functions under your direction. The central banking functions of the institution will, for the purposes of accurate accounting and the training of specialized personnel, be segregated from its commercial banking activities and handled by a separate department of the bank. You may if you deem appropriate change the English translation of the name of the bank to "Bank of Korea".

b. The local currency needs of your occupation forces in Korea and any funds in excess of revenues required to finance the operations of the Military Government in Korea will be obtained from the central banking department of the Bank of Chosen. Adequate funds in Korean legal tender may be made available to financial and business institutions in Korea to finance activities which you consider essential to the Korean economy.

c. Your Military Government in Korea, either directly or through the central banking department of the Bank of Chosen, should maintain strict control of bank credit in Korea, regulate rates of interest, conduct periodic bank examinations, require banks to maintain reserves against deposits, and take such other measures as may be required to assure adequate supervision and control of the Korean financial and credit structure.

23. You will continue to maintain such accounts and records as may be necessary to reflect the financial operations of your military occupation and you will provide the Joint Chiefs of Staff with such information as they may require. Separate accounts will be kept of all receipts and expenditures in United States dollars and all receipts

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and expenditures in Korean legal tender currency arising from (1) the normal functions of government in Korea and (2) the military occupation of Korea.

24. You will continue to take action necessary to ensure that all laws and practices promulgated by the Japanese authorities relating to taxation or other fields of finance in Korea which discriminate for or against any person because of race, nationality, creed or political opinion, will be amended, suspended or abrogated to the extent necessary to eliminate such discrimination. The Military Government in Korea should take all steps necessary to revise the tax structure and to take such other measures as may be required to assure the adequate inflow of revenues, and should exercise control and supervision over the expenditures of public funds to the extent necessary to achieve the purposes of the occupation. Funds in excess of normal government revenues necessary to financial, essential government activities and programs necessary for the accomplishment of the objectives of the occupation may be borrowed by the Military Government from the Bank of Chosen in accordance with the provisions of paragraph 22 of this directive; however, such expenditures in excess of revenues should be kept to a minimum. You will make no commitment beyond the purview of Congressional appropriations for approved War Department civil affairs/military government operations that might be construed as an obligation of the dollar funds of the United States Government.

25. No transaction with respect to any impounded or blocked assets will be effected except pursuant to licenses or other authorizations issued by your Military Government in Korea. You will impound or block all gold, silver, platinum, currencies, securities, accounts in financial institutions, credits, valuable papers, and all other property falling within the following categories:

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a. Property owned or controlled, directly or indirectly, in whole or in part, by any of the following:

(1) The governments, nationals or residents of Germany, Italy, Bulgaria, Rumania and Hungary;

(2) Any persons specified by Military Government by inclusion in lists or otherwise.

b. Property in Korea which is, or has been since 6 December 1941, owned or controlled directly or indirectly, in whole or in part, by any person outside Korea or Japan.

c. Identifiable looted property.

Identifiable looted property in Korea and property of Allied nationals which was vested by the Japanese Government should be restored as promptly as possible.

26. All transactions in foreign exchange and foreign exchange assets, including those arising out of exports and imports, shall be controlled for the purpose of achieving the objectives of the occupation. To effectuate such objectives you will:

a. prohibit, except as specifically authorized by your Military Government in Korea, all dealings in foreign exchange assets and all foreign exchange transactions.

b. establish effective controls over the import and export of

(1) gold, silver, whether in coin or bullion form, platinum and other precious metals;

(2) currency;

(3) securities;

(4) checks, drafts, bills of exchange, promissory notes, payment instructions, transfer orders and other financial instruments;

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(5) powers of attorney or other authorizations or instructions to effect financial or property transactions; and

(6) other evidences of indebtedness or ownership of property.

c. make available any foreign exchange only for the payment of imports including services necessary to the accomplishment of the objectives of the occupation. No other outlay of foreign exchange assets will be made without specific approval by your government through the Joint Chiefs of Staff.

d. As used herein, the term "foreign exchange asset" shall include, but not by way of limitation, gold, silver, whether in coin or bullion form, platinum; any foreign currency, property physically situated outside of Korea; claims, demands, bank deposits, credits, securities, checks, drafts, insurance policies, or other evidences of ownership or indebtedness issued by or which are obligations of any person outside of Korea; copyrights, patents or trade-marks, issued by any country other than Japan, and any contracts or licenses relating thereto.

e. As used herein the term "transactions in foreign exchange" shall include, but not by way of limitation, any transaction involving any foreign currency, any payment or transfer to or from any foreign country, any transfer of credit, or payment of an obligation, expressed in terms of a foreign currency, any purchase sale, transfer or other dealing in any foreign currency; any financial or property transaction between a person in Korea and a person outside Korea, whether or not expressed in terms of any foreign currency, and any transaction involving

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any obligation owed by any person in Korea to any person outside of Korea or owed by any person outside of Korea to any person in Korea.

27. You should seek out, reduce to actual possession and, when title is a matter of record, effect transfer of record title to Military Government of all Japanese public and private property interests title to which was vested in the Military Government of Korea by its Ordinance No. 33 of 6 December 1945. In the case of juridical persons chartered in Korea steps may be taken to make the ordinance applicable only to the Japanese interests of such juridical persons. The Military Government in Korea will hold vested property for ultimate disposition in accordance with instructions to be forwarded to you.

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STANDARD FORM NO. 64

Office Memorandum · UNITED STATES GOVERNMENT

DATE: 3-12-47

TO : SWNCC - Mr. Mosely

FROM : FE - Mr. Penfield

091 Korea
Misc
Folder

SUBJECT :

With reference to our telephone conversation yesterday I am attaching a copy of "Report of the Special Interdepartmental Committee on Korea," including Appendices B and F. I would appreciate it if this could be reproduced by SWNCC. We expect to have Appendix A ready within a few days. The other Appendices are already reproduced. As soon as the complete report is reproduced and a transmitting memorandum drafted, we can decide on proper SWNCC distribution.

I would appreciate it if you would let me have ten or a dozen copies of the body of the report as soon as you have completed it so that I can give copies to the other members of the Committee.

JKP

Attachment:

As stated.

FE:JKPenfield:bar

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COPY

SECRET

(Mar 5, 47)

My dear Mr. Secretary:

Subsequent to our meeting Wednesday morning, February 25, 1947, President Truman approved in principle the measures which you endorsed for immediate aid to Greece and Turkey as set forth in the memorandum entitled "Position and Recommendations of the Department of State Regarding Immediate Aid to Greece and Turkey". Congressional leaders have been informed of the nature of the problem and the urgency of the need for our assistance to these countries. They also approve in principle the general program for aid.

In the course of our discussions on the Greek and Turkish problem, frequent reference was made to the fact that this is only part of a much larger problem growing out of the change in Great Britain's strength and other circumstances not directly related to this development. I believe it important and urgent that study be given by our most competent officers to situations elsewhere in the world which may require analogous financial, technical and military aid on our part.

I have asked Assistant Secretary Hilldring as Chairman of the State-War-Navy Coordinating Committee to direct the attention of that committee to this important problem and, in consultation with the Treasury Department, undertake a thorough study to be submitted to me or Secretary Marshall as soon as possible.

Sincerely yours,

Acting Secretary

The Honorable
Robert P. Patterson,
Secretary of War.

S/S:JGange:en
March 5, 1947

A-H

SECRET

(19)

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CONFIDENTIAL

March 11, 1947

MEMORANDUM TO THE SECRETARY, STATE WAR NAVY
COORDINATING COMMITTEE

It is requested that the attached position paper entitled Implementation of General Assembly Resolution Regarding the Presence of Armed Forces Stationed on Territory of Other Members be circulated for consideration by SWNCC.

J. H. Hildring
State Member

IS:PHBagby:vb FE NEA ERU ARA SPA

CONFIDENTIAL

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CONFIDENTIAL

SD/S/801 Prel. •

March 3, 1947

IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION REGARDING THE PRESENCE OF ARMED FORCES STATIONED ON TERRITORY OF OTHER MEMBERS

THE PROBLEM

1. To determine what action the United States should take with reference to the recommendation made by the General Assembly regarding the presence of armed forces on the territory of other Members of the United Nations.

FACTS BEARING ON THE PROBLEM

2. The General Assembly of the United Nations on December 14, 1946 passed by acclamation a resolution on the Principles Governing the General Regulation and Reduction of Armaments (A/267) which contained in paragraph 7 the following recommendation:

> "It (the General Assembly) recommends the Members to undertake.....the withdrawal without delay of armed forces stationed in the territories of Members without their consent freely and publicly expressed in treaties or agreements consistent with the Charter and not contradicting international agreements."

3. This recommendation grew out of an Egyptian proposal to add a somewhat similar provision to a resolution calling for certain information about the armed forces of Member States on foreign territory which the Soviet Government introduced first in the Security Council and later in the General Assembly in the hope that it would prove embarrassing to the governments of the United States and the United Kingdom. The Soviet proposal was introduced in the Security Council on August 29, 1946 (S/144), but after debate a majority of the members of that body voted not to place the matter on the Council's agenda. The Soviet Government then introduced a similar resolution in the General Assembly, but that body adopted in place of it the part of the reduction of armaments resolution quoted above and a resolution (A/269) calling upon the Security Council to determine, as soon as possible, the information which UN Members should be called upon to furnish in order to give effect to the regulation of armaments resolution.

4. As frequently stated by the President and the Secretary of State and more recently by the President in his speech on October 23, 1946, it is the policy of the United States to support the United Nations with all the resources in its possession. While never formally expressed, this policy would appear to imply that the United States will endeavor to comply with all recommendations of the General Assembly. Furthermore,

compliance

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compliance with the Assembly's resolution would serve to disarm any criticism leveled at the U.S. by a state intent on exploiting this country's inaction in the matter. While there are a number of cases in which armed forces of the United States are stationed on the territory of other Members without published agreements, it is believed that the negotiating and publishing of such agreements will, for the most part, involve only routine negotiations. For these reasons, the United States should seek to comply with the recommendation of the General Assembly.

5. The term "armed forces" as used in this recommendation might be interpreted to cover all uniformed members of armed services or to cover only troops intended for or prepared for combat. The broad interpretation is preferable since it was the interpretation most generally used in the course of the debate and since a restricted interpretation might make possible adverse propaganda such as has been directed against the United States in the past. Members of the offices of Military and Naval Attaches, however, can be excluded from this definition since their presence is justified by international custom and is covered by the issuance of visas and by agreements.

6. Fulfillment of the requirements of the General Assembly Resolution that consent shall be "freely and publicly expressed in treaties or agreements" may be achieved by the conclusion of formal treaties or agreements, by an exchange of notes, or by the release of a joint communique. It may be the policy of the United States in some instances to negotiate a formal treaty with another state covering the presence of U.S. armed personnel in that nation's territory; in such cases no further agreements would need to be obtained to implement the General Assembly Resolution. However, in other instances, the preferable method of satisfying the Resolution's requirements would be by the aforesaid exchange of notes, a procedure which has the additional advantage of providing documents appropriate for registration with the United Nations Secretariat. Where this is impracticable, a joint communique by the governments concerned might be sufficient. To serve its purpose, such an exchange of notes, or communiques, should indicate that the U.S. armed force personnel stationed in the territory of the other member State have been and continue to be so stationed with the consent of the government concerned, should mention already published agreements covering the presence of any of them, and wherever such is the case, should mention that the number is small and that no combat troops are included. Wherever it would prove difficult to arrange for the negotiation of an exchange of notes or a joint communique, an effort should be made to find some other acceptable method by which the requirements of the recommendation could be satisfied.

7. It is recommended that each exchange of notes be registered with the Secretariat of the United Nations which would automatically publish them in its regular series. This procedure would fulfill the requirements of the General Assembly Resolution passed on December 14, 1946 entitled

"Registration

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"Registration and Publication of Treaties and International Agreements; Regulation To Give Effect To Article 102 of the Charter of the United Nations."

8. It is suggested that conversations with the British Government for an exchange of notes or for a joint communique precede negotiations with other governments in order that the former may be acquainted with the general procedure which the United States intends to follow.

9. It would appear to be desirable to arrange for the registration of the exchange of notes as they are negotiated. Since the recommendation of the General Assembly was passed on December 14, 1946, the negotiations of the agreements should be consummated with a minimum of delay. It would be reasonable to fix June 1 as the target date prior to which all notes and communiques should be negotiated.

10. When comprehensive information on the subject was last assembled, it was found that the United States was maintaining armed force personnel in 57 territories of United Nations Member States, but that in only 20 out of such territories were all of the personnel covered by published agreements, and it was estimated that arrangements would have to be made with 19 separate governments to cover all the armed force personnel in the remainder of such territories. Since considerable changes in that situation may now have occurred, and since information is lacking concerning the withdrawals which are likely to take place during the next six months, it would be desirable to obtain from the War, Navy and Treasury Departments the latest information which they can furnish describing the numbers, locations and types of armed force personnel stationed on the territories of other Member States, the types of activities in which such personnal are engaged, any covering agreements which have been made on the military level, and the withdrawals contemplated during the next six months.

11. It is concluded that:

(a) In each case where all of the uniformed members of the armed forces (other than members of Military, Naval, or Air Attaches' offices) are not covered by published agreements, arrangements should be made for the negotiation of an exchange of notes between the United States and the other government concerned, or where this may be impracticable, the conclusion of a joint communique (see Appendices A and B). If neither of these methods appears feasible, other methods of satisfying the requirements of the General Assembly Resolution on armaments should be canvassed by the Department of State in conjunction with the other departments concerned. Registration with United Nations Secretariat should be effected upon the conclusion of each exchange of notes.

(b) Negotiations with the British Government for the negotiation of an exchange of notes or a joint communique should precede

negotiations

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negotiations with other governments in order that the former may be acquainted with the general procedure which the United States intends to follow.

(c) The War, Navy, and Treasury Departments at an early date should supply the State Department with the latest information which can be provided describing the numbers, locations, and types of U.S. armed force personnel stationed on foreign territory, the types of activities in which such personnel are engaged, any covering agreements which have been made on the military level, and the withdrawals contemplated during the next six months.

(d) June 1 should be fixed as the target date by which all agreements shall have been concluded and registered.

12. It is recommended that:

(a) SWNCC approve the above conclusions.

(b) After approval by SWNCC, copies of this paper be forwarded to the State, War, and Navy Departments for information and appropriate implementation and to the Joint Chiefs of Staff for information. The responsibility for obtaining from the Treasury Department information concerning any Coast Guard personnel on the territory of other Member States should be assigned to the State Department.

IS:GHHaselton:vb

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APPENDIX A

DRAFT COMMUNIQUE

The Government of the United States of America and the Government of _____ today made public the following announcement and agreement in conformity with Paragraph 7 of the resolution of the General Assembly of the United Nations on the Principles Governing the General Regulation and Reduction of Armaments which was adopted on December 14, 1946.

The two Governments announce that the members of the armed forces of the United States now stationed in the territory of _____ or in any territories under its administration have been and are so stationed with the full and freely given consent of the Government of _____.

The two Governments hereby agree, and the Government of _____ freely and publicly expresses its consent, that these armed forces may continue to be so stationed until such time as the Government of _____ withdraws its consent.

[The presence of some of these men is already covered by the _____ agreement of (date) _____ which has already been published. The number of men concerned is less than one hundred and they are not combat troops.]

Note: Portion in brackets, or suitable variations, to be included wherever justified by the facts.

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DRAFT APPENDIX B

NOTE FROM THE SECRETARY OF STATE TO THE AMBASSADOR (MINISTER OF _____

[Excellency] [Sir]:

[I have the honor to refer] [Reference is made] to the conversations which have taken place between representatives of the Government of the United States of America and representatives of the Government of _____ regarding paragraph 7 of the Resolution on the Principles Governing the General Regulation and Reduction of Armaments, adopted by the General Assembly of the United Nations on December 14, 1946.

It is the understanding of the Government of the United States of America that, in order to eliminate any question regarding conformity with paragraph 7 of the above-mentioned Resolution, the two Governments agree as follows:

(1) The members of the armed forces of the United States of America now stationed in the territory of _____ [or in any of the territories under its administration] have been and are so stationed with the full and freely given consent of the Government of _____.

(2) The Government of _____ consents that those armed forces continue to be so stationed until such time as the Government of _____ withdraws its consent thereto.

[(3) The

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[(3) The number of men, members of those armed forces, who are now so stationed is less than one hundred and they are not combat troops. The presence of some of those men is already covered by the ____[title]____ agreement of ____[date]____ between the two Governments.]

[I have the honor to inform Your Excellency that this] [This] note, together with your note in reply, will be considered by the Government of the United States of America as placing on record the understanding of the two Governments in regard to this matter.

Accept, [Excellency,] [Sir,] the renewed assurance of my highest consideration.

NOTE: The bracketed paragraph (3), or suitable variation, is to be included whenever justified by the facts.

Le/T WWhittington:mmd 2/26/47

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DRAFT APPENDIX B

NOTE FROM THE AMBASSADOR [MINISTER] OF _____ TO THE SECRETARY OF STATE

Excellency:

I have the honor to refer to your note of _____, 1947, relating to the conversations which have taken place between representatives of the Government of _____ and representatives of the Government of the United States of America regarding paragraph 7 of the Resolution on the Principles Governing the General Regulation and Reduction of Armaments, adopted by the General Assembly of the United Nations on December 14, 1946.

I have the honor, in the name of the Government of _____, to confirm the understanding of the Government of the United States of America that, in order to eliminate any question regarding conformity with paragraph 7 of the above-mentioned Resolution, the two Governments agree as follows:

(1) The members of the armed forces of the United States of America now stationed in the territory of _____ [or in any of the territories under its administration] have been and are so stationed with the full and freely given consent of the Government of _____.

(2) The Government of _____ consents that those armed forces continue to be so stationed until such time as the Government of _____ withdraws its consent thereto.

[(3) The