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**REPORT OF THE AGENT GENERAL
OF THE
UNITED NATIONS KOREAN RECONSTRUCTION AGENCY**

**Organization and work of the Agency
from its activation in February 1951 to 15 September 1952**

**GENERAL ASSEMBLY
OFFICIAL RECORDS : SEVENTH SESSION
SUPPLEMENT No. 19 (A/2222)**

NEW YORK, 1952

57 p.

REPORT OF THE AGENT GENERAL OF THE UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

*Organization and work at the Agency from its activation in February 1951
to 15 September 1952*

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NOTE

All United Nations documents are designated by symbols, i.e., capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

LETTER OF TRANSMITTAL

New York, 21 October 1952

Sir,

I have the honour to refer to resolution 410 (V) adopted at the fifth session of the General Assembly of the United Nations and specifically to paragraph 5 (d) which directs the Agent-General of the United Nations Korean Reconstruction Agency to submit reports to the General Assembly of the United Nations through the Secretary-General, transmitting copies simultaneously to the United Nations Commission for the Unification and Rehabilitation of Korea and to the Economic and Social Council.

In accordance with this resolution, I submitted a report to the sixth session on 3 November 1951 (A/1935) and an addendum dated 16 January 1952 (A/1935/Add.1) in which were outlined the limited operations of the Agency up to that time.

I am submitting herewith a second report which I consider to be the first full report on the organization and work of the United Nations Korean Reconstruction Agency from its activation in February 1951 to 15 September 1952. Simultaneous transmittal is being made to the United Nations Commission for the Unification and Rehabilitation of Korea and to the Economic and Social Council.

It is respectfully requested that this report be transmitted to the General Assembly at its seventh session.

(Signed) J. Donald KINGSLEY
Agent General

The Secretary-General
United Nations
New York

Chapter I

INTRODUCTION

1. This is the first full report of the Agent General of the United Nations Korean Reconstruction Agency to the General Assembly. It covers the organization and work of the Agency from its activation in February 1951 to 15 September 1952. The first part is a description of the political and economic framework and of the historical setting within which the Agency must operate; the second presents an analysis of the approach the Agency is making to current problems and of the present and prospective programmes of relief and rehabilitation.

2. Until now, because of unforeseen changes in the military situation and the extreme complexity of the economic and political framework within which the Agency must manoeuvre, it has proved impossible for the Agency adequately to carry out the mandate assigned to it by the General Assembly on 1 December 1950.

3. A beginning has been made, nevertheless. A few limited projects have been carried out; joint machinery has been established for close liaison between the Agency and the Unified Command, the United Nations Command, the United Nations Civil Assistance Command, and the United Nations Commission for the Unification and Rehabilitation of Korea; programmes for the current phase, while military operations continue, and for the long term after hostilities cease, have been planned and kept up-to-date as the situation has changed; a skeleton organization has been established, capable of swift expansion to meet whatever responsibilities devolve upon the Agency; large numbers of highly trained international personnel have been recruited and seconded to the United Nations Civil Assistance Command for work in the field, thus providing an experienced cadre of such personnel for use by the Agency when it assumes full responsibility.

4. The Agent General is pleased to report to the General Assembly that he has been able to reach agreement with the United Nations Command in Tokyo and with the Unified Command in Washington, providing, in effect, for a new and far more promising approach to this critical problem. He has every hope and expectation that the Agency will now be able to throw its whole weight into a joint, integrated programme of relief and rehabilitation in Korea, in close and effective partnership with the United Nations Command.

5. To achieve this common purpose, however, it will be essential that the Agent General enjoy a broad area of discretion within an agreed over-all programme, since it will be necessary for him to gear his programme to that of the United Nations Command on a basis of the utmost flexibility to meet a constantly changing situation. Given this latitude, he believes that a great deal can be done during the present phase toward the achievement of basic United Nations objectives in Korea; without such a programme, he fears that these objectives might well be lost regardless of the outcome on the military front.

6. To make clear the background of negotiation and effort which have led to this new opportunity for action, it is necessary to review the status of the Agency and its relationships with other authorities, and to describe the various steps previously taken in an attempt to make an appropriate contribution to the common cause.

7. The United Nations is currently represented in Korea by one military and two civilian agencies: the United Nations Command (UNC) with its subordinate United Nations Civil Assistance Command (UNCACK), the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK), and the United Nations Korean Reconstruction Agency (UNKRA). All three agencies have been vested with certain responsibilities in the broad fields of relief and rehabilitation. The United Nations Command, as the operational arm of the Unified Command, is charged with responsibility for relief and support of the civilian population in Korea by the terms of a resolution of the Security Council adopted at its 479th meeting on 31 July 1950.¹ The United Nations Commission for the Unification and Rehabilitation of Korea was established pursuant to a resolution adopted by the General Assembly on 7 October 1950 (resolution 376 (V)). It was accorded specific functions in connexion with relief and rehabilitation, by the terms of the resolution of 1 December 1950, establishing the United Nations Korean Reconstruction Agency (General Assembly resolution 410 (V)) (annex I). Finally, by the terms of the same resolution, the United Nations Korean Reconstruction Agency was directed to plan, initiate and carry out a broad programme of relief and reconstruction in Korea.

8. It is clear from the history of these several resolutions that each step taken by the political organs of the United Nations was closely related to military conditions in the Republic of Korea or to expectations concerning it at the time. Thus, the resolution of 1 December 1950, creating UNKRA, was adopted by the General Assembly at a moment when there was every reason to expect an early restoration of peace and of military security on the Korean peninsula. There was, consequently, every reason to believe that the UNCACK programme of emergency relief could shortly be superseded by a relief and reconstruction programme administered by a civilian international agency.

9. Such expectations did not materialize. By the time the Agent General of UNKRA was appointed, the entire military situation had changed for the worse. United Nations forces were hard-pressed and emergency relief was all that could possibly be offered the Korean civilian population in the circumstances. Even this, combined with essential military supplies, strained available transport and port facilities to the utmost.

¹ S/1657, *Official Records of the Security Council, Fifth Year*, No. 21, pp. 3 and 7.

10. Under these military conditions, there was little that could be undertaken by UNKRA except to plan for the future and to co-operate fully with the emergency relief efforts of the United Nations armed forces. A limited staff was therefore established in Pusan and in Tokyo to maintain liaison with the military commands and the Government of the Republic of Korea and to develop a shelf of plans and projects against the time when the Agency might be in a position to take over responsibility.

11. Meanwhile, the most urgent needs of the Korean people were being met by the United Nations Command, which has assisted the Government of the Republic of Korea in effective relief work under very difficult conditions. It is probably true that no civilian population experiencing a comparable dislocation as a result of war has ever before suffered so few casualties as a direct result of exposure, starvation or disease. For this, the civil assistance programme of the United Nations Command is primarily responsible.

12. In the period since the designation of the Agent General, there have been many changes in the barometer of hope for an early peace. Each change has had an impact on Agency planning and upon relations between the three United Nations organizations concerned with the problems of Korean rehabilitation. It has been exceedingly difficult to make plans or to develop programmes in this constantly changing situation or to prepare for full responsibility when the future could not be predicted or controlled.

13. In an effort to delineate more clearly respective areas of responsibility and to provide a general schedule for organizational and planning purposes, a formal agreement was entered into between the Agent General and the Unified Command. The agreement is described in detail in the body of the present report. Its major features are three: it recognizes the over-all responsibility of the Unified Command and the United Nations Command for relief and economic aid to the Republic of Korea during the period of active hostilities and for 180 days thereafter; it provides that relief and rehabilitation projects can be undertaken by the Agency during this active military phase if mutually agreed with the United Nations Command; and it establishes a series of joint UNC-UNKRA committees in Pusan, Tokyo and Washington for planning purposes. Further, it provides that, to the extent mutually agreed, UNKRA will recruit, pay and second to the United Nations Command, civilian international personnel required to administer the civil assistance programme in Korea.

14. The joint machinery provided in this agreement came into being on 1 January 1952. Since that date, a number of relief and rehabilitation projects supplementary to the emergency relief programme of the United Nations Command have been mutually agreed upon and carried out. Others are now in process of implementation. After many organizational difficulties, genuine joint planning and programming have now been effected and a comprehensive UNKRA programme initiated. Until the adoption of the new approach in recent weeks, the joint committee machinery had not resulted in genuine joint planning or in any considerable phase I programme for the Agency.

15. Nevertheless, projects in the fields of agriculture, fisheries and public education, which the Agency has been able to carry out, have been helpful. Moreover,

seconded personnel of the Agency now constitute more than half of the civilian personnel actively engaged in executing the emergency relief programme of the United Nations Command. As a result, Agency relief and reconstruction personnel are on the ground, providing the civilian international element in the relief and rehabilitation teams which operate in every province of the Republic of Korea.

16. Progress has also been made in the development of over-all plans and programmes and in bringing to bear upon the problem all the resources of the United Nations and the specialized agencies. At the moment of writing, expert teams from the Food and Agriculture Organization, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization are working in Korea under the aegis of UNKRA. The Directors-General of the specialized agencies have responded fully and promptly to all requests for co-operative assistance. Governments and non-governmental organizations have continued to respond generously to appeals, first by the Secretary-General and more recently by the Agent General, for material support of the emergency relief programme administered through the Unified Command.

17. The main burden has, however, been carried by the military, through UNCACK, which has poured tremendous amounts of food, relief supplies and equipment into Korea since the outbreak of hostilities. But relief on such a scale cannot be continued indefinitely, nor will it improve the basic conditions which create the need for it.

18. In resisting aggression, the Korean people have paid and continue to pay a staggering price. Civilian battle casualties alone run to hundreds of thousands. Multitudes of children have been orphaned and families decimated and dispersed. Millions have been uprooted from their homes and now face another winter in the dubious shelter of refugee camps or make-shift accommodations. Some 400,000 dwellings have been totally destroyed. The fields and paddies, the mines and factories, which were once the source of livelihood for the people, have suffered substantial damage and destruction. The entire economy is threatened by inflation and the average Korean is reduced to dire poverty.

19. For over a year there have been hopes that a cease-fire could shortly be achieved, thus enabling the task of reconstruction to be taken up in earnest under less trying conditions than those now prevailing. These hopes have not materialized. Fighting has continued and a war of movement has been replaced by a more static one of position. The change has understandably affected the psychology and the expectations of the Korean people. What they now see is a relatively stable military front and a highly unstable economic front behind the lines. The emergency relief measures which represented the limits of possibility in a fluid military situation fall short of those limits in the current situation. The Korean people and their Government are aware of this fact and eagerly anticipate effective international aid in rehabilitating their country behind the lines.

20. The struggle to repel aggression will not be lost by the United Nations forces. But great moral contests are not won by force alone. There is grave danger, unless there is prompt and effective assistance in the restora-

tion of the Korean economy and in the development of a more satisfactory life behind the lines, that the United Nations victory may be jeopardized.

21. The cost of relief is and has been exceedingly high, because the need for it constantly increases despite the relative stability of the military front. This is due in part to a continuing influx of refugees from the north; the chief cause, however, is the steady deterioration, for lack of any large-scale effort in rehabilitation, of agricultural and industrial resources, already badly shattered by the war. Relief costs will continue to increase unless more is done quickly to enable the people to feed, clothe and provide shelter for themselves on an expanding scale. This can be done, in the opinion of the Agent General, only through an integrated programme, including both relief and rehabilitation, and with a clear division of responsibility between the United Nations agencies charged with its execution.

22. The Agent General believes that the new joint approach recently agreed upon should make this possible, gradually reversing the present mounting spiral of despair. Given effective implementation, with genuine joint planning and mutual co-operation, it should now be possible to save the South Korean economy from threatening collapse and to give the people new hope, that, barring a world conflict, they can look forward to a decent chance to help themselves and their country rise again in free-

dom from the ashes of a holocaust of which they are the innocent victims.

23. Together with the Secretary-General, the Agent General believes that this is of supreme importance to the achievement of United Nations objectives everywhere. In reporting to the sixth session of the General Assembly, the Secretary-General emphasized reconstruction in Korea as one of the most urgent challenges to effective action ever confronted by the United Nations. The political future, he said, and the issue of peace or war, will be vitally affected by what the United Nations does, or fails to do, in assisting the Korean people to restore their economy.

24. The Agent General shares this conviction and concern. What the Agency can achieve in assisting the Korean Government and people to restore their country will be the ultimate test of collective action and will have repercussions far beyond the borders of Korea. But what has thus far been accomplished is small by contrast with the task ahead. It is, indeed, necessary to report that the Korean economy is still in serious condition and that the outlook for the coming winter is grim. Relief efforts under the emergency relief programme should prove adequate to prevent mass starvation, epidemics and extreme suffering. But the morale of the Korean people will almost certainly be adversely affected unless more is done.

Chapter II

THE HERITAGE OF THE PAST

25. The problem of economic reconstruction in Korea cannot properly be evaluated without attention to past political and economic developments. While these have been fully set out in numerous other reports and documents, they merit brief mention in the present report as well. The present United Nations effort is not the first external aid programme. Indeed, the Korean economy has depended for many years upon outside sources of support and, to a large extent, upon outside management. At first, this took the form of colonial exploitation by the Japanese and, while many aspects of the Korean economy were developed by them, they were also developed almost exclusively for them. As a result, the whole structure and pattern of the Korean economy was distorted to fit the requirements of the Japanese economy.

26. With the defeat of Japan and the liberation of Korea, the lack of balance in the Korean economy, which had resulted from Japanese colonialism, became clearly evident. It was, moreover, gravely accentuated by the political and economic division of Korea along the 38th parallel. No doubt, outside economic assistance would have been necessary in any event at the end of the Second World War, but the magnitude of the help required and the nature of the necessary reconstruction effort were strongly influenced by the foregoing factors, even before the North Korean aggression and the large-scale destruction which followed in its wake.

27. Since the conclusion of the Second World War, the Republic of Korea has received economic aid and

assistance, first from the United States Military Government; second, from the United States Economic Cooperation Administration; and, finally, from the United Nations. In each case, programmes were undertaken and economic developments occurred which profoundly affect the character of the task still ahead.

The Japanese occupation

28. For more than a quarter of a century until the Allied victory over Japan in 1945, Korea was dominated by the Japanese and its economy deliberately developed and exploited to serve the interests of Japan. In the effort to assimilate the country culturally, politically and economically into the Japanese empire, Korea's basic social and economic structure underwent fundamental changes.

29. During the years of Japanese control, the economy of the country was systematically directed toward maximizing the benefits that would accrue either directly or indirectly to Japan. The rate of economic exploitation, and, in its wake, political suppression, was greatly accelerated in the ten years before the Second World War and the natural structure of the economy further distorted to fit in with the needs of the Japanese war machine. As a consequence, the beginning of the War found Korean exports to Japanese-dominated countries amounting to 96.9 per cent of the total exports. To hasten industrial development in a primarily agricultural

country, large sums of Japanese capital were pumped into Korea. Developed as part of the Japanese economic system, however, these industries were dependent upon Japan for raw materials, equipment and repair parts, and were incapable of independent existence. For capital goods, Korea relied almost entirely upon Japan.

30. In the process of the integration of its economy with that of Japan, Korea progressed from a state of handicraft industry and agricultural feudalism to occupy a position among the more advanced industrial areas of the Orient. Not only were its industrial resources developed, but other aspects of its economy greatly expanded. To transport the goods out of the country, the Japanese built such effective railway and highway systems as to compare favourably with those of Japan. Resources for power were harnessed and agricultural irrigation fostered. The mineral resources of the country were exploited extensively for the first time. Municipal services were initiated. An imposing telecommunications network was established and ports developed. To facilitate the flow of capital, the Korean monetary system was supplanted by a currency system integrated with that of Japan. A financial and banking structure appropriate to the needs of a modern colonial Power was erected.

31. But the development which took place in Korea during the period of Japanese rule hardly constituted a Korean economy. Koreans themselves played little part in this apparent progress except as a labour force and enjoyed small direct economic benefit from it. Exclusion of Koreans in any of the higher levels of government, finance, industry, communications, mining or commerce, was a matter of policy and extended down through the managerial ranks as far as positions equivalent to shop foreman. The effect of this Japanese policy was to enforce an intermission in political responsibility and in business and industrial experience for the thirty-five years of Japanese rule.

32. The demands of the Japanese home economy and later, the preparation for war and the subsequent actual waging of war against the Allied forces, led to excessive exploitation of Korean resources. Raw material stocks were rapidly depleted and soil exhaustion and erosion were accelerated. With the commandeering by the Japanese of most of the larger fishing craft from Korean waters for war purposes, Korea's fishing industry was crippled by a shortage of equipment and boats. Japan's war-time cutting accentuated the drain on the timber reserves. Further, Korea's whole agricultural development was directed to the production and export of maximum quantities of Korean rice for Japan. Such heavy exports of rice were made increasingly at the expense of the dietary standards of the Korean people and led to an unbalance in the agricultural development of the country.

33. During the Second World War, the material assets of Korea suffered substantially. War-time attrition, dismantling and neglect markedly reduced the potential of the industrial facilities. The physical equipment of the country, including roads, buildings, transportation and communication systems, mines, irrigation canals, bridges and other facilities deteriorated badly. The end of the war between the Japanese and the Allied forces left the country with a greatly inflated currency and a breakdown of economic controls. Moreover, a major part of Korean capital wealth under Japanese rule was in the form of specialized equipment designed either for

war production or to complement Japanese production. Not only was a great deal of this equipment unsalvageable for peace-time production but, with the lack of replacement parts, it became difficult for factories to sustain output. In addition, the removal of the Japanese managerial staff left the Koreans without the technical personnel necessary to exploit their resources.

34. It is clear that a reconstructed Korea will have to be built upon the remains of the structure inherited from the Japanese. It is also clear that this structure was superimposed on a primitive agricultural economy under a feudal landlordism which existed in Korea before the Japanese occupation and that much of this superstructure can be counted as effectively lost to ultimate use.

The Allied victory over Japan

35. Allied defeat of the Japanese, followed by the *de facto* division of Korea at the 38th parallel, led to serious economic and political dislocations. Disruption of normal commerce within the country, and between Korea and its former trading areas, and gradual exhaustion of Japanese-created stockpiles accentuated economic dislocation. The geographical features of the Korean peninsula are such that it forms an economically interrelated unit, with the heavy mineral deposits and hydro-electric power of the relatively industrialized north complementing the predominantly agricultural economy of the south. The rigid division at the 38th parallel dealt a critical blow to the normal functioning of this economic unit. With over 90 per cent of Korea's electric power facilities in North Korea, the shut-off of power from North to South Korea in 1948 further disrupted the economic balance. Moreover, large-scale movements weighted the population heavily towards South Korea. Although these movements involved the repatriation of about 700,000 Japanese civilians to Japan, over 1,600,000 Koreans from Japan, China and other Far Eastern and Pacific areas returned to their homeland—the majority to South Korea. At the same time, it has been estimated that some 4 million Koreans living in the Soviet Occupation Zone crossed the 38th parallel into the American Occupation Zone. By 1946, therefore, the American zone contained almost 70 per cent of the total population. Insufficient production of foodstuffs had already made it difficult to prevent starvation and disease and this abnormal influx only aggravated the situation. Under-consumption became chronic; and millions of farm families annually went through a period of "spring hunger" in the months from April to June until the summer harvests made food available.

36. When the United States Army took over the occupation of South Korea in September 1945, that area was in a state of virtual economic collapse. The surrender of Japan and the artificial division of the country at the 38th parallel resulted in the unleashing of powerful disruptive forces which were reflected in the steadily mounting inflation of the currency. Confronted with dislocations of such magnitude, the United States Military Government had to focus its efforts in the economic field on preventing starvation, disease and unrest among the native population, and on holding the shattered economy together.

37. The occupation lasted from September 1945 to 15 August 1948 with an interim period to the end of 1948 for the actual transfer of authority to the Government

of the Republic of Korea.² During the three and one-half years ending December 1948, the United States of America furnished to South Korea in the form of grants under the so-called GARIOA appropriations (Government and Relief in Occupied Areas) aid amounting to some \$285 million, while an additional \$25 million of surplus civilian goods was made available.

38. During this period, substantial quantities of foodstuffs and other supplies such as fertilizer, clothing, medical goods, coal, industrial equipment and raw materials were imported. The occupation authorities concentrated on three basic objectives—the revival of industrial production, the efficient operation of the railroad and the expansion of electric power output. To accomplish their task, it was essential to obtain sufficient quantities of coal, which was done in part by increasing domestic production and in part by importing the amount of the deficit from Japan. To meet the immediate problem of food shortages, the Military Government adopted a system of compulsory grain collection and a rationing programme which, plus the American-financed imports of cereals to make up for deficits, resulted in a relatively equitable distribution of available foodstuffs in Korea. A special effort was also made to raise agricultural and especially rice production by importing commercial fertilizers. A limited programme of irrigation and land reclamation and a reduction in farm rentals for tenants aided in stabilizing the food situation.

39. A major problem of occupation authorities was to unravel the distorted pattern of property ownership inherited from the Japanese régime. The Japanese Government and its nationals had owned directly or indirectly the bulk of the country's industrial, commercial, financial, mining and transportation enterprises (involving over 2,000 separate enterprises), as well as 15 per cent of all farm lands, a large number of residences and other properties. Military Government vested title to these properties in itself and held them on a custodial basis on behalf of the future Korean Government. While it was able to effect a partial redistribution of land in March 1948, which enabled over 500,000 tenant farmers to become the owners of all or part of the land they tilled, no comparable action was taken with respect to industrial and commercial properties. In the latter part of 1948, ownership and control of all unsold vested properties and other assets were transferred to the Government of the Republic of Korea.

40. Without United States aid during this critical period, the economy of South Korea would inevitably have collapsed. Starvation and disease were arrested, agricultural output and industrial production were increased

and the gap between domestic requirements and availabilities was narrowed. But even this extensive programme was only a stop-gap. What was needed was a capital development programme in strategic sectors of the economy designed to produce a better-balanced economy and obtain a more favourable balance of trade.

41. Moreover, despite the large-scale American imports, the heavy demands upon the limited resources of South Korea by the Military Government, by consumers and by private business units, resulted in heavy government deficits. In the absence of an investing class with sufficient funds to support necessary government spending for reconstruction, there was no alternative but to resort to the expedient of the printing press. Even under Military Government, therefore, inflation was a problem.

The Republic of Korea and the Economic Cooperation Administration

42. By the end of December 1948, the transfer of authority and of administrative control over accounts and properties to the Government of the Republic of Korea had been substantially completed, and the withdrawal of the American occupation forces was well underway. On 1 January 1949, responsibility for the United States aid programme to Korea was turned over to the Economic Cooperation Administration. Under the aid agreement signed by the Governments of the United States and the Republic of Korea, the United States Government agreed to assume responsibility for assisting the Korean Government in financing a long-range economic rehabilitation programme. In turn, the Government of the Republic of Korea agreed to make the most advantageous use of the aid and of all available Korean resources. It agreed, among other things, to balance its budget, to exercise economy in governmental expenditures, and to establish foreign trade and currency controls. In addition, it was to develop export industries as rapidly as possible and to promote increased production by its management or disposal of properties vested from the Japanese.

43. The period during which ECA handled the Korean assistance programme was marked by increased international tensions, by aggressive threats from North Korea, and by intermittent border warfare. As a result, the Government of the Republic of Korea felt it necessary, after the withdrawal of United States troops in June 1949, to divert a large part of its meagre resources from the task of economic rehabilitation to the maintenance of military security. This greatly complicated the problem faced by ECA and, in particular, delayed the implementation of its industrial rehabilitation programme.

44. Nevertheless, by June 1950, ECA had commenced work on the construction of three railroads designed to provide access to important coal areas not previously served by rail facilities; a limited amount of investment was undertaken in existing coal mines and power plants; a large number of irrigation and land reclamation projects were completed; modest additions were made to the country's fishing and coastal fleet; and some further rehabilitation and repair work was done on the railroads and communication systems. Necessary pre-engineering plans were completed for coal development projects, for two new thermal plants and a new hydro-electric plant, a large cement plant, a fertilizer plant, and a tungsten project.

² For a full account of political events in Korea leading up to the establishment of the Government of the Republic of Korea in the south and the Government of the Democratic People's Republic of Korea in the north, and post-election developments up to 14 October 1948, see first part of the report of the United Nations Temporary Commission on Korea, volumes I-III (A/575 and Add.1 and 2); second part of the report, volumes I and II (A/575/Add.3 and 4). (See *Official Records of the General Assembly, Third Session, Supplement No. 9*). For a report on political developments from 30 January to 28 July 1949, see report of the United Nations Commission on Korea, volumes I and II (A/936 and Add. 1, *Ibid.*, *Fourth Session, Supplement No. 9*); from 15 December 1949 to 4 September 1950, see report of the United Nations Commission on Korea (A/1350, *Ibid.*, *Fifth Session, Supplement No. 16*); from 7 October 1950 to 5 September 1951, see report of the United Nations Commission for the Unification and Rehabilitation of Korea (A/1881, *Ibid.*, *Sixth Session, Supplement No. 12*).

45. The situation in Korea at the time of the North Korean invasion, 25 June 1950, showed that progress had been made in rehabilitating the country's economy. But while industrial production as a whole had been increased, it was still far short of supplying domestic needs. In general, the capital plant was still in a deteriorated and obsolete condition and operated at levels far below capacity. A reasonably satisfactory standard of domestic food production and the commencement of a small rice export trade had been achieved. Nevertheless, the over-all financial position was precarious, despite the progress that had been made in controlling inflation. Korea was still dependent on large-scale outside aid.

46. To the problems which the Military Government authorities and ECA faced in aiding the reconstruction

of Korea have now been added the unparalleled destruction and the social and economic disruption caused by the present conflict. The real cost of the hostilities to the people of the Republic of Korea is incalculable. It is difficult under present conditions even to assess in terms of loss of capital the physical damage to industrial installations, public buildings, public works, transport systems, houses, rice paddies, and the loss of farm animals. The continuance of warfare constantly increases the magnitude of the damage. The progress which the Korean economy made in the five years following the Second World War has again been disrupted. What had been a threat of inflation before has now become much more serious. Upon an economy already crippled, the effect of the Korean war has been calamitous.

Chapter III

THE KOREAN ECONOMY TODAY

47. Today in South Korea, as for centuries past, the great majority of the people depends upon agriculture for livelihood. But now, throughout the countryside, too many people are crowded into too little land, and in the towns too many people are crowded into too few houses. In drab poverty the yearly round of peasant toil continues, despite battles, guerrilla activity and havoc.

48. The United Nations Command has helped and supported the South Korean people. Despite the exigencies of an arduous campaign, the United Nations military authorities have distributed sufficient supplies to provide the needy with essential food, clothing and shelter and, by medical care, have saved the people from epidemic diseases. Although communications, public utilities and other installations have been commandeered for military purposes, their improvement and maintenance by the United Nations forces is a potential benefit to the country's economy.

49. Handicapped by overcrowding, poverty, inflation and an insufficiency of fertilizers, the farmers have been unable to make the soil produce harvests abundant enough to feed the country's people, hardly enough to provide even the barest sustenance for the poorest of the farmers and their dependants. Yet, with those handicaps removed, the farmers could produce adequate rice for the country's needs.

50. Industry is operating where possible, but is hampered by shortages of capital and of raw materials, by obsolescence and damage in the plants, by lack of skills and by lack of power. Transportation facilities have been commandeered for war purposes and little is free to serve civilian needs. Schools and hospitals have been destroyed or requisitioned for military purposes and municipal services are broken down. The financial structure of the country has been unable to support the burden of hostilities and the currency has lost stability in an inflation that is threatening the whole economy.

51. But South Korea is not without resources, first among which is the fortitude of its people. When the Japanese were expelled from Korea, the new Republic acquired all the capital equipment of a developed, although distorted, economy, from radio stations to a complete railroad network, from hospitals to harbour

installations, and from spinning frames to power plants. All this was acquired free, without liability to shareholders or bondholders. In addition, the Republic has limited resources in foreign exchange accruing from the expenditures of United Nations forces in Korea and in as yet undeveloped reserves of minerals and coal. Lacking are the administrative and technical skills and the financial structure and resources required to integrate these assets into a viable economy.

Agriculture

52. Of the estimated 21 million people in South Korea, some 15 million live and work directly on the soil. Due to the mountainous terrain, however, only one-quarter of the total area of the country is cultivated, and those 15 million people are crowded into approximately 5 million acres of farmland. The average rural family farms two and one-half acres; one-third of these families depend for their livelihood on the product of one acre or less.

53. The main crops are cereals, of which the most important is rice. Rice fields cover roughly 3 million acres. Of that area, 1,400,000 acres, less than half, are included in systems of controlled irrigation and produce 69 per cent of the rice crop. Of the remaining area, at least 560,000 acres are partially irrigated and produce a further 25 per cent of the crop. About 34 per cent of the total area planted in rice (approximately one million acres) is not irrigated and produces the balance, or roughly 6 per cent, of the crop. Barley is next to rice in importance and is grown mainly by double-cropping the rice-fields, the method being to sow the barley immediately after the rice harvest in October or November, and harvest it in June or July, just before the rice is planted.

54. The most important field crops are soybeans and vegetables, among which there is a large production of the giant white radish and Chinese cabbage which are pickled to provide the principal accompaniment to rice or barley as the staple food of the people. Industrial crops include cotton, hemp, ramie and tobacco.

55. Farm methods and tools are primitive and there is little capital investment in the farms, apart from the

land. The numbers of livestock are low, despite a notable increase in draught animals in the current year and the fact that there is probably now a sufficient number of working cattle for ploughing to be completed. Hogs and poultry have been lost in large numbers and few remain. Conditions are not suited to the raising of dairy cattle or sheep. Goats can be raised, but the number recorded as existing at the outbreak of hostilities was only about 39,600. This low standard of wealth is reflected in the very poor conditions in which the farm families live. The poorest among them live at barest subsistence levels even when harvests are good, and when they are poor there is widespread destitution and starvation.

56. The poverty of the farmers is a legacy from a tenancy system, exploited by the Japanese, under which 79 per cent of the farmers were tenants or partly tenants. Rents were relatively among the highest in the world, often rising as high as 70 or 80 per cent of the crop. In most cases, the lease ran for only one year and all the other conditions and customs of tenancy were unfavourable to the tenant. No alternative means of livelihood was available to the vast majority, who were kept in extreme poverty by this system until seven years ago.

57. The present position of land ownership in South Korea is not entirely clear. Under the United States Military Government, some 687,000 acres of land formerly owned by Japanese were sold to 588,000 tenant families. In April 1950, the Government of the Republic of Korea initiated the redistribution of ownership of a further 1,470,000 acres, affecting 1,200,000 farmers. The project had scarcely started before the invasion of June 1950, and when the North Korean authorities occupied a major part of South Korea, the official records of the changes in ownership planned and so far accomplished were destroyed. Despite this set-back, the land reform is said now to be nearly completed for the greater part of the country. Due to the present unstable economic and social conditions, however, there is a considerable turnover in land tenure. Further, many of the farmer tenants who acquired their land under land reform schemes are finding it difficult to meet the annual payments and much of this land is changing hands, although resale is prohibited by the law. There are also indications that many farmers, uncertain of their future tenure of the fields they cultivate, tend to diminish their care of the land, with adverse effect upon crop production.

58. Specialization in the growing of cereals has depleted much of the soil of the humus and nitrogen essential for maintenance of yield. In general, Korean farmers appear not to have a proper understanding of the value to them of the use of humus, although it could be produced locally. The replenishment of nitrogen in the soil requires the large-scale use of chemical fertilizers. Prior to the division of the country, Korea was largely

self-sufficient in fertilizers, but the plants for the production of chemical fertilizers were all in the North. The foregoing table shows consumption and production in Korea as a whole in 1939.

59. Of these quantities, about 70 per cent are estimated to have been consumed in South Korea. For the year 1952, the Ministry of Agriculture estimates the South Korean import requirements of chemical fertilizer to be as follows:

FERTILIZER REQUIREMENTS 1952
(Metric tons)

Ammonium nitrate.....	161 000
Ammonium sulphate.....	129 000
Superphosphate.....	114 000
Potassium sulphate.....	55 000
Calcium cyanamide.....	10 000
	TOTAL 469 000
	TOTAL 469 000

60. For the year ended 30 June 1952, the United Nations Command had included in its aid programme the importation of 339,719 long tons of fertilizer, but by the end of the period only 271,442 long tons had been delivered to Korea. This quantity, great as it is in terms of dollar cost and shipping space, falls short of what the farmers need to restore the yields of their crops to pre-war averages.

61. With fertilizers available, and with the impetus of Japanese encouragement, it is estimated that the average cereal production in South Korea in the ten years 1931-1940 was 3,540,000 metric tons, and in the five years 1940-1944 it averaged 3,660,000 metric tons. In 1948, with the support of the United States aid programme, cereal production was 3,600,000 metric tons, but in the following year poor harvests reduced production to 3,120,000 metric tons. As a rough estimate, the 21 million people of South Korea, whose staple food is rice, need approximately 3,500,000 metric tons of grains a year, based on 1.1 *suk* per year for each person or almost exactly one pound per day, to provide a bare sufficiency. (According to reports of the United States Military Government, the average annual consumption of food grains in 1932-1936 was 401 lbs. per person, and in the year ending April 1947, 321 lbs.) If, therefore, the production of rice and other grains could be restored to the levels reached in the latter years of the Japanese administration and in 1948, South Korea would be self-sufficient, though precariously so, in the staple food of the people.

62. It is difficult to say with certainty what the production of rice and other grains will amount to in the current year. The United Nations Command has calculated the production of summer grains in 1952 to be 1,050,000 metric tons. The Government of the Republic of Korea estimates the same production at 655,000 metric tons. A similar variation is expected in estimates of the rice harvest in October and November 1952. However, the supply of fertilizers has been below requirements, a number of important irrigation systems are disrupted and guerrilla activity has hindered operations in several areas. The weather in some areas was unfavourable in the early months of the rice-growing season. It is therefore practically certain that the production of grains in the summer and late fall of 1952 will be insufficient to provide food for the whole population until the next harvest in the summer of 1953. In a rice economy, this

FERTILIZER SITUATION FOR ALL KOREA IN 1939
(in tons)

	Consumption	Production
Ammonium sulphate.....	430 269	469 759
Calcium cyanamide.....	38 482	40 006
Superphosphate.....	140 354	33 161
Phosphorus ammonium sulphate.....	51 016	131 164
Potassium chloride and sulphate.....	10 700	-
Soybean cake.....	29 529	32 509
Cotton seed cake.....	11 230	13 759
Fish meal.....	24 090	224 052
	TOTAL 735 670	944 410
	TOTAL 735 670	944 410

fact alone lends strong psychological impetus to inflationary pressures.

63. When the supply of grains falls below reasonable needs, the shortage does not affect all the people equally. The 70 per cent of the people who are producers of grains tend naturally to satisfy their own needs first. Any shortage in production is reflected mainly in a reduction of that part which is surplus to the needs of the farm households and which supplies the non-producers living mostly in the cities and towns. The Government conducts a rice collection programme to provide a rationed supply to the personnel (and their dependants) of the armed forces, police and civil services. But the Government has not been able to collect sufficient grains to support a system of rationed distribution at controlled prices covering all the urban dwellers or non-producers. The grains imported under the aid programme have been treated by the Government as intended for the relief of war sufferers, and consequently have not entered into the general supply. A large part of the urban population is therefore dependent for its staple food on the commercial markets and since the supply position on those markets is severely affected by variations in the harvests, prices tend to be very unstable. Moreover, relatively small variations in volume of supply on these markets can produce substantial price changes, a condition which makes them highly susceptible to speculative operations. The price of rice therefore tends to lead in the inflationary spiral.

64. There is a pressing need to increase the grain production in South Korea both to provide self-sufficiency in staple foods for the growing population and to raise the living standards of the farm households who are the majority of the population. Increased grain production is unquestionably an essential condition for the future prosperity of the economy as a whole. That a very substantial increase in production is possible may be judged from the fact that the average yield of rice in South Korea is .741 metric tons per acre, while in Japan the average yield is 1.565 metric tons per acre. For barley, the comparative figures are .490 metric tons in South Korea and .859 metric tons in Japan. The primary needs in South Korea to bring about the desired increase are the repair and extension of the systems of irrigation and the application of fertilizer at the annual rate of at least 800,000 to one million tons. Extension and repair of the irrigation systems are projects requiring considerable sums of long-term capital, not presently available within Korea. The great majority of the farmers are too poor to buy fertilizers for cash on the scale required for increased production and, to overcome this difficulty, they need short-term agricultural loans. Indeed, the lack of agricultural credit at reasonable rates is one of the major deterrents to the improvement of husbandry in general. The present lending capacity of the co-operative financial associations is far too small relative to the need; and the expansion of their lending capacity is now inhibited by inflation.

65. South Korea's achievement of self-sufficiency in staple foods, and improvement in the lot of the impoverished majority of its people, is therefore directly inter-related with the inadequacy of the country's financial resources. Given the availability of sufficient fertilizers and of adequate credit facilities and proper reconstruction of irrigation systems, there can be no doubt that the farmers of South Korea have the capacity to make their

soil produce sufficient harvests to provide a measure of prosperity to the whole economy.

66. In this sense, the economy of South Korea is still vigorous and potentially viable, for it is basically an agricultural economy. The physical damage and losses have been suffered for the most part by the modern superstructure of industrial and power plants, communications, municipal services and business premises that was built by the Japanese on the agricultural foundation.

Forestry

67. At the present time, more than two-thirds of the nearly 16 million acres classified as forest land in South Korea is thinly or poorly stocked. War devastation, indiscriminate cutting and poor management have denuded the forests. In the last ten years, timber reserves have been reduced by more than 50 per cent. Of the total forest land, 7,200,000 acres need active protection; erosion control is required in over 1,100,000 acres and artificial planting is necessary in over 3,500,000 acres. At the present rate of cutting, forest resources will be almost completely exhausted within the next ten to fifteen years unless drastic steps are taken to remedy the situation.

68. A reforestation programme—including the subsidization of nurseries for planting seedlings—must, if it is to be effective, continue over a period of years. The Government of the Republic of Korea had developed such a programme and, from 1946 to 1951, its Forestry Bureau annually planted 200 million seedlings on areas totalling approximately 196,000 acres each year. Since the outbreak of hostilities, however, the Government has not had sufficient financial resources to pay the nurserymen for raising seedlings with the result that many have turned instead to raising farm produce, and the annual seeding has been greatly reduced. However, in the spring of 1952, 127,800,000 seedlings were planted on 125,000 acres of forest land.

69. Coupled with direct reforestation projects must be a concentrated educational programme designed to teach the Koreans the value of conserving their forests. Through schools and local projects, work is already under way to encourage local officials in reforestation activities, to collect seeds and to develop local forestry associations. In addition, direct encouragement is being given to private timber land owners to plant seedlings, and information is supplied to them, including instructions, on selective cutting and the planting of new species, such as of acacia, for the development of a faster growing source of firewood and charcoal.

70. Erosion control is another essential to a recovery programme. Much damage has been done to reservoirs, irrigation systems and fertile farmlands by sandy soil washing down from bare hillsides. During the period 1945 to 1951, an annual average of 12,500 acres was brought under erosion control and over 21 million seedlings planted in the area so treated. Nevertheless, the area treated in the years since 1945 has been less by some 20 per cent than in the years prior to the Second World War.

71. Despite the attempts which have been made to rehabilitate the forests, there will continue to be an annual drain on South Korea's forest resources. Estimates of the Forestry Bureau indicate a current annual consumption of 3,500,000 cubic metres of firewood; 2,100,000

bags of charcoal; 57 million bundles of young trees and branches; and 153 million bundles of needles and leaves. These figures are far in excess of current annual growth and forestry production. Peat, and briquettes made from coal, are available from local resources, but their more widespread use is a problem of distribution. Farming families add to their income, and provide themselves with fuel for heating and cooking, by cutting, collecting and charcoal-burning in the surrounding woods. Since they comprise the majority of the population, they are themselves the biggest consumers of fuels thus culled from the forests. With little cash income, they cannot afford to pay for briquettes or peat brought from distant parts and distributed commercially. Some of the drain appears also to meet the needs of the Government and urban dwellers. It is in this direction that there might be scope for control over much of the cutting and for the alternative use of substitute fuels for cooking and heating purposes.

72. The framework of a Korean house is made largely from poles, and the destruction of many thousands of farm houses has added greatly to the drain on the forests as the people seek to rebuild their houses from local resources. The importation of lumber for house-building, while essential in view of the total need, will not of itself stop this drain on the forests. Many of the poorer farmers whose houses have been destroyed cannot afford to pay for, or to borrow to pay for, imported lumber, and so must either cut and carry the framing poles from the woods, or not have a house for their families. There is need for large-scale experimentation with other types of housing.

73. Since, for the greater part, the drain on the forest has been, and still is, necessary to meet compelling and fundamental human needs that cannot be met practicably in other ways, it is the more urgent to start and continue the long process of reforestation. However, no start can yet be made by the Koreans because of a lack of funds to subsidize the raising of young trees, to pay for transportation and planting, and to pay for an adequate force of foresters and guards. The Government of the Republic of Korea has not been able to provide for such expenditures out of current revenues and, as there is no other non-inflationary source of funds open to it, has had to cut them from its budget. In forestry, therefore, as in agriculture, undertakings fundamental to recovery and the future welfare of the South Korean people cannot be started because the country lacks financial resources adequate to the need. It should be noted, however, that in neither of these two great fields is South Korea deficient either in manpower or in essential skills.

Fisheries

74. Geographically, Korea is located in a section of the world where sea bottoms and tidal currents are especially suited to the propagation of marine life and, in the past, Korean fisheries have provided great quantities of sea food products for the peoples living in the Far East.

75. The industry involves well over a million people. Some 500,000 fishermen earn their living harvesting marine life from the sea, while 50,000 women divers search for fish, shell fish and edible sea plants. Other thousands of women and children daily gather seaweeds and small crustaceans from the tidal areas as part of their sub-

sistence. Sea food in general provides 85 per cent of the animal protein in the diet of the Korean people, and one of the country's potentially most valuable exports.

76. Under the Japanese, the fishing industry reached a high level of efficiency. Marketing and distribution facilities were well developed, and the provision of adequate cold storage, ice plants and salting plants ensured the preservation of the catch. However, the development of the industry was based mainly on the use of large boats in deep-sea fishing under the technical guidance of Japanese experts. Both experts and large boats were withdrawn by the Japanese, and the South Korean fishermen are able to carry on only limited operations near the coast. They operate over 40,000 craft, 75 per cent of which have no mechanical power. Since the outbreak of the present conflict, shortages of cold storage capacity, salt and ice, and of transportation facilities, have seriously impeded distribution, and much of the catch has spoiled.

77. Boat-building is not keeping pace with losses from storms, age and hostilities. In 1951, 478 powered boats were lost and only eight built; 635 sail-boats were lost and only 144 built. To a great extent, this lag in replacement is a reflection of the lack of financial resources among the fishermen. Gear, rope, nets and tackle can all be made in South Korea, but raw materials are in short supply. The seasonal overhaul and renovation of boats and equipment is dependent on the availability of credit, which under present conditions is inadequate.

78. Despite these difficulties, in the first half of 1952, South Korea was able to export marine products valued approximately at \$2 million.

The financial structure

79. The conflict in Korea has given a new and almost overpowering impetus to an inflationary condition which had been chronic since liberation in 1945. At that time, Korea was abruptly severed from the Japanese monetary system and denied the normal flow of capital and credit from Japan. Practically the entire management, technological and skilled labour force which had been almost exclusively composed of Japanese nationals, was suddenly banished from Korea leaving an economic vacuum which could be filled only with difficulty over a long period of time. Shortly after the armistice, moreover, it began to be increasingly apparent that the resources and industries of the peninsula north of the 38th parallel were to be denied to the rest of the country. Economic disruption under these conditions was hardly surprising.

80. Application of emergency economic aid from the United States of America, first through military government channels and later, with the creation of the Republic of Korea, through the ECA, provided some respite, an economic cushion of materials and technological assistance which served to give time for the drastic readjustments which were necessary. But before the productive and financial structure of the new State could be developed and integrated it was subjected to the devastation and disruption of war. The financial strain imposed by the hostilities has proved to be too great for the young and struggling Republic; the country could not and cannot afford the money it has contributed to the cost of the war. In addition to the very heavy burden of raising and maintaining a large national defence force of its own with which to meet the invasion, there has

been the additional requirement for funds for local expenditure by the modern international army sent by the United Nations to help restore peace. Since the possibility of raising such extraordinary funds from national savings and the banking system of the country is very limited, the only way in which the Government could fill the gap was to call on the Bank of Korea for overdrafts. To meet this call the Bank was forced to resort to the printing press.

81. Statistical evidence of inflation in the two years of war is given in the tables included in annex II to the present report. In the first year of hostilities—from 25 June 1950 to 30 June 1951—principal inflationary pressures were two: (a) net government borrowings from the Bank of Korea of approximately 143,500,000 won to meet extraordinary war expenditures uncovered by the budget; and (b) advances to the United Nations forces of approximately 198,200 million won required to pay for goods and services (principally labour) essential to the support of military operations. Bank loans during this period, including commercial loans of the Bank of Korea to special government agencies and businessmen had up to that time a comparatively minor influence.

82. During the second year of the war, from 30 June 1951 to 30 June 1952, however, the pattern changed somewhat. Advances to United Nations forces increased to 388,300 million won; but bank loans (289,400 million) and other causes (102,600 million) totalling 392,000 million won had become the most important factors in the expansion of the money supply. The Government, meanwhile, had managed by drastic retrenchment of an emergency character coupled with heavy taxation to attain a surplus of revenues over expenditures and to reduce its overdraft below the level of 30 June 1951.

83. In summation, during the two years of war from the end of June 1950 to the end of June 1952, the Government of the Republic of Korea found it necessary to create new money to the amount of 923,600 million won so that the total money supply, which stood at 122,200 million won at the outbreak of war was multiplied approximately 8.5 times and stood at 1,045,800 million won by the end of June 1952. Of that 923,000 million won of additional money, 569,900 million was created by printing it on the presses of the Bank of Korea. What this additional 923,600 million won was used for can be explained in terms of the major factors affecting the money supply, which are briefly summarized as follows:

MAJOR FACTORS AFFECTING MONEY SUPPLY OF
THE REPUBLIC OF KOREA
30 June 1950 to 30 June 1952
(thousand million won)

<i>Factors increasing money supply:</i>	1950-1951	1951-1952	Total
Net advances to United Nations forces.....	198 2	388 3	586 5
Net increase in Government overdraft with the Bank of Korea.....	143 5	-80 5	63 0
Increase in loans.....	30 0	289 4	319 4
All other causes.....	26 1	102 6	128 7
	<u>397 8</u>	<u>699 8</u>	<u>1 097 6</u>
<i>Factors decreasing money supply:</i>			
Proceeds from sale of aid goods deposited in the Bank of Korea.....	30 4	143 6	174 0
NET EFFECT ON MONEY SUPPLY	<u>367 4</u>	<u>556 2</u>	<u>923 6</u>

84. This summary table provides some measure of the heavy burden on Republic of Korea monetary resources which has been imposed by the conflict. Looming large among the factors indicated above, of course, are the advances to the United Nations forces. However, in addition to the directly ameliorative effect on the problem exerted by the small though growing proportion of United Nations aid goods which have been sold, it must in fairness be said that the introduction into Korea of the very large amounts of goods and materials which have been contributed gratis has had an important though unmeasurable stabilizing effect. The mere presence of these donations in the economy serves to reduce pressure on prices. Moreover, United Nations forces since the beginning of the hostilities have been providing effective assistance in public services such as sanitation, health services, maintenance of transport and communications as well as power-generated facilities which has made possible the severely limited programme of the Government in these fields.

85. The inevitable effect of the huge volume of deficit expenditure has been to cause the monetary demand for goods and services chronically to exceed available supplies at any given level of prices, and prices were continually pushed upwards. The persistent rise in prices in turn has set up reactions that reinforce the inflation. At the time of preparation of the present report, in fact, there is strong evidence that psychological factors have pushed prices upward in recent months more than the rate of increase in the money supply. It now seems likely that only a dramatic improvement in food supply prospects can restore public confidence in what is basically a rice economy.

86. The war has had the effect of restricting the availability of goods—particularly of foods. The resultant effect of this and related factors was a nineteen-fold increase in prices from June 1950 to June 1952, as measured by the Index of Retail Prices in Pusan. The price of rice, the staple food of the Korean people, has risen even more steeply. The average cost of 1 *mal* (20 litres) of rice in June 1950 was 5,380 won. In June 1952, it averaged 124,030 won and rose to 150,000 won in the latter half of August (see annex II A).

87. Steps have been taken to reduce the inflationary pressure of essential military expenditures. An agreement was signed on 24 May 1952 between the Unified Command and the Republic of Korea which provided, *inter alia*, for a payment estimated at \$35 million to be made by the United States of America in respect of past won advances to United Nations forces and a future monthly payment of approximately \$4,400,000 against future won advances. It is intended that these dollar funds shall be used largely for government purchase of goods to be imported into Korea and sold. The won proceeds are to be deposited in a special account at the Bank of Korea to be used as a stabilizing device and as an offset to government overdrafts. The provisions of this agreement had not, however, taken effect upon the monetary situation in South Korea within the period covered by the present report.³

³ The agreement further provided for the establishment of a Combined Economic Board composed of one representative of the Republic of Korea and one representative of the Commander-in-Chief, United Nations Command, with the primary function of promoting effective economic co-ordination between the two parties to the agreement.

88. The banking institutions in South Korea comprise the Bank of Korea as the central bank and the bank of issue, five commercial banks in which the majority of the shares were formerly Japanese-owned and are now vested in the Government, and one commercial bank in which the majority shareholding is Korean. The capital structure of the commercial banks is complicated by the fact that each of them holds shares in three or more of the others. In addition to these banks, there are 142 financial associations organized throughout the country with 409 branches and agencies. Their original role is essentially that of small agricultural co-operative banks, chiefly in rural areas, to provide banking, marketing and related services to their members, who are mainly farmers resident in the areas served by each association. Their primary role at present, in fact 80 per cent of their function today, is to act as government agencies for the collection of taxation in kind from the rural communities and to distribute and sell fertilizers on behalf of the Government. Total membership of these financial associations currently exceeds 2 millions. A Federation of Financial Associations (FFA), with a branch in each of the nine provinces, acts as the central co-ordinating agency and banker for the financial associations, which own all the stock of the Federation. The Federation, unfortunately, has made itself unpopular with the farming class, and has proved of little help.

89. The Bank of Korea was opened for business on 12 June 1950. Its financial position at the outbreak of the present conflict and as it was on 30 June 1952, after two years of conflict, is shown below:

STATEMENT OF CONDITION OF THE BANK OF KOREA
As of 30 June 1950 and 30 June 1952
(in millions of won)

	<i>Liabilities</i>	
	30 June 1950	30 June 1952
Capital and reserves.....	1 800	1 862
Bank note issue.....	63 580	669 541
Treasury deposits.....	54 581	265 057
Counterpart fund deposits.....	—	275 437
Proceeds of sale of aid goods deposits....	71 118	56 573
Other deposits.....	6 947	107 119
Government foreign exchange deposits...	39 691	34 685
Open account, Bank of Japan.....	—	22 646
Other foreign exchange deposits.....	16	255
Export and import guarantees.....	—	120 158
Acceptances and guarantees.....	—	144 189
Other liabilities.....	8 580	14 880
TOTAL	246 313	1 712 402

	<i>Assets</i>	
	30 June 1950	30 June 1952
Gold and silver bullion.....	3 126	2 690
Foreign exchange.....	46 309	187 897
Government overdraft.....	112 873	348 915
Aid supply overdraft.....	33 456	94 757
Advances to United Nations forces.....	—	650 748
Other loans.....	43 698	253 678
National bonds.....	3 340	878
Acceptances and guarantees.....	—	144 189
Other assets.....	3 511	28 650
TOTAL	246 313	1 712 402

90. The financial position of the commercial banks is shown in the following summary of figures published by the Bank of Korea:

SUMMARY STATEMENT OF CONDITION OF ALL BANKS
Excluding Bank of Korea and financial associations
(in millions of won)

	<i>Liabilities</i>	
	31 May 1950 ^a	30 April 1952
Deposits.....	48 689	285 170
Borrowed money:		
Bank of Korea.....	8 207	92 462
Counterpart fund.....	—	5 932
Other.....	36	28
TOTAL	8 243	98 422
Other liabilities.....	5 243	22 831
Capital stock:		
Authorized.....	111	111
Paid-up.....	76	76
Reserves.....	96	96
Surpluses:		
Brought forward.....	27	144
Current.....	204	144
TOTAL	62 578	406 739

	<i>Assets</i>	
	31 May 1950	30 April 1952
Cash and cheques.....	5 368	54 350
Deposits with domestic banks...	2 017	45 253
Securities:		
Government national bonds.....	1 921	7 115
Other.....	1 868	1 752
TOTAL	3 789	8 867
Bills discounted:		
Bank acceptances.....	6	6
Commercial bills.....	319	465
Documentary bills.....	5	3
TOTAL	330	474
Loans.....	45 814	240 121
Other assets.....	5 260	55 248
Losses:		
Brought forward.....	—	1 854
Current.....	—	572
TOTAL	62 578	406 739

^a Figures for June 1950 are not available. Commercial banks lost nearly all their books in the fighting following the retreat to the Pusan perimeter.

91. This summary discloses the very limited scale of commercial banking operations in South Korea. The capital and surplus is extremely small in the case of every bank, and the banks are dependent on central bank credit for operating funds. Their business consists essentially of accepting deposits and making short-term loans to primary producers, to businessmen and to government agencies. Holdings of securities are relatively very small; discounting of bills of exchange and other commercial paper has been of little importance. The use of cheques by the general public scarcely exists and currency notes constitute the medium of exchange in the majority of cases where the use of money is involved in their transactions. However, many transactions do not involve the use of money at all and are completed by barter or, in the case of services, by payment in kind.

92. There are no specialized institutions which afford facilities for the provision of intermediate and long-term credits. The commercial banks—particularly the Industrial Bank—have provided such credits to some extent,

but this has been done mainly on the basis of borrowing from the central bank.

93. This mingling of commercial banking business with long-term operations is one of the respects in which the banking system departs from what would normally be regarded as sound banking principles. In addition, there has been insufficient attention given to the credit-worthiness of borrowers or to the proper valuation or supervision of pledged collateral; and loans made ostensibly for short periods are renewed too frequently. Authority to control and supervise the general banks and other financial institutions is limited by delay in putting into effect the General Banking Act, passed at the same time as the Act establishing the Bank of Korea more than two years ago.

94. At this stage of South Korean economic development, there is no money market or capital market, nor are there established stock exchanges or underwriting facilities. There is no real market therefore on which the Government, or the Bank of Korea as its banker, could sell government obligations. As a result, when the Government has authorized expenditures in excess of its current income, the deficit could only be covered by a commensurate increase in its overdraft at the Bank of Korea.

95. As a bank of issue, the Bank of Korea is unusual in that the law places no limit on the amount of currency it may issue, either in absolute terms or in relation to its reserves. Nor does the law place any limit on the amount that the Bank of Korea may be called upon to lend to the Government provided the amount has been authorized by the National Assembly. Inflation has long since reduced its capital and reserves to insignificance, and there is no market to which the bank can itself turn to borrow. Consequently, as the demands of the Government on the Bank continually exceeded its reserves, the Bank, having little or no scope for financial manoeuvre, has been forced almost continuously to expand its note issue. The result can be seen in the Statement of Condition of the Bank of Korea. On 30 June 1950, the note issue stood at 63,580 million won; by 30 June 1952, it had increased to 669,540 million won. The continuity of this trend may be seen in the chart of money supply in annex IIB to the present report.

96. The incapacity of the financial structure of South Korea to withstand the strain of war is explained in part by a serious weakness in the whole monetary system, which is based on an inconvertible paper currency. The stability of this type of currency depends essentially on the support of financial institutions which are as advanced in terms of monetary practice as is such currency itself, and it cannot be said that at the present time the financial institutions of South Korea have reached an adequate level of development relative to the type of currency in use. Nor could the financial structure of South Korea, as it is presently constituted and in its present condition, support the burden of reconstruction. Financial assistance by Members of the United Nations will be necessary; its provision is one of the fundamental purposes of UNKRA's existence.

97. The limitations of the South Korean monetary system pose a fundamental problem in the provision of financial assistance from sources external to Korea. A substantial part of the money required to finance recovery must be spent in South Korea itself in South Korean currency. The proportion will vary from project to proj-

ect. A new ship may be paid for wholly in one of the foreign currencies available to UNKRA; a project for the reclamation and irrigation of an area may have to be financed mostly in the currency of South Korea; and it is manifest that a large part of the cost of rebuilding industrial establishments, hospitals, schools, government offices and houses will be the wages of Korean masons, joiners, plasterers and labourers, which must be paid in local currency. There is no constant relationship between the proportion of the total capital cost of each project which the South Korean economy can afford and the proportion of that capital cost which must be paid out in South Korean currency. It will be the task of the Republic of Korea and UNKRA to ensure that the infusion of foreign capital into the South Korean economy does not generate strong inflationary pressures in the Korean monetary system.

98. It is unlikely that major reconstruction can be achieved without exerting some degree of additional inflationary pressure, although this can be minimized and carefully controlled by various means. Despite this, the urgency of commencing the work of reactivating Korean production is overwhelming. Hand in hand with inflation, unemployment has become a serious problem; economic stagnation will not be retarded merely by continuing to ship consumable supplies to Korea on however large a scale. The only real cure for the problem must be a revival on a significant scale of production in Korea itself and to this end the work of reconstruction and rehabilitation of Korean productive facilities is getting under way none too soon.

The vested properties

99. When the Japanese were expelled from South Korea by the United States Army, the Military Government vested in itself the title to property of any type or description in South Korea that had been owned, directly or indirectly, by Japan or the Japanese. Shortly after the new Republic of Korea was inaugurated, the Military Government transferred the title in these vested Japanese properties to the Government of the Republic of Korea to be received and administered for the benefit of the Korean people.

100. The vested properties are the capital assets resulting from the very large investments made in South Korea by the Japanese in their thirty-five years of administration. They comprise the harbour and dock installations, railroads, highways, telephone and telegraph systems, the office buildings of government at every level, the schools and hospitals, barracks, police stations and prisons, all the power stations and most of the industrial plants, several banks and many thousands of stores, business enterprises and residences.

101. It is difficult to assess the total value at current price-levels of all these assets in their present condition. Some idea may be gained from the fact that the total of Japanese investments in Korea as a whole was estimated in 1940 at between 5,000 million and 6,000 million yen, then equivalent to about \$1,500 million. The Japanese investment in Korea railways alone (both government and private) was the equivalent of more than \$200 million, and of the 5,700 kilometres of network this covered, 4,400 kilometres were south of the 38th parallel.

102. The Republic of Korea thus acquired capital assets the value of which, even damaged as they now are, is very great, relative to the other parts of the economy

of South Korea. In particular, the present availability of funds for plant replacement and repair and to provide working capital to put the plants into productive operation is far too low relative to the value of the assets acquired. The liabilities corresponding to these assets, or, in other words, the Japanese investments in South Korea, have been wiped out. So far as is known, the Government of the Republic has not yet considered the possibility of an investment programme aimed at recapitalizing these assets so as to interrelate them with the financial structure of the country. On the one hand, the Government has unencumbered title to these very valuable assets; on the other, it has borrowed, and authorized the United Nations Command to borrow, on unsecured overdraft from the Bank of Korea, to an extent which has generated serious inflation and yet to an amount still substantially below the value of the assets it holds

103. The Government's present arrangements are to sell certain of the assets against payments by instalments over ten years. It is reported that, by April 1952, 44.9 per cent of the business and industrial undertakings had been sold, 5 per cent of the units of real estate, and 97.7 per cent of "other properties". To the extent that the proceeds of sale have been collected, they have been treated as current revenue, the Government presumably believing that this was the best use, as a source of finance, that could be made of these properties in prevailing conditions.

Industries

104. An important distinction between the ancient agricultural base of the South Korean economy and the new industrial sector is that, while there is no deficiency in basic skills in the one, there is a dearth of skills in the other. The whole economy is hampered by the financial weakness that has fostered inflation; but particularly in the fields of transportation, electric power, coal and other mining, manufactures and textiles, progress towards recovery is further hindered by the lack of experienced managers, technicians and skilled workers. This factor is emphasized here, in order to avoid repeated reference to it in the brief survey of South Korean industries which follows.

TRANSPORTATION

105. The railway network presently existing in South Korea is part of what was formerly an extensive system connecting Japan to Manchuria, built to a very high standard under Japanese administration with American engineering supervision. Pusan and Seoul are linked by a double track and a network of single track branch lines connects the main cities. There is, however, no direct rail link between southeastern and southwestern Korea, nor is there any access by rail to the important industrial and mining area at Samchok in the northeast of the country, although in the latter case work has been proceeding on the roadbed for a contemplated extension into that area. At Pusan, the railroad workshop is undamaged and is fully equipped for all railroad construction and repair work except the construction of locomotives. The Seoul workshop was one of the largest in East Asia, but it has been extensively damaged. There are two other plants, equipped for the fabrication of bridge girders and special track formations and for the construction and

repair of passenger and freight cars. Both these factories have been damaged, but are being partially repaired.

106. At present, the larger part of the railroad system is directly controlled, operated and maintained by the United Nations military forces. Great damage has been done during the present conflict, and repairs (particularly to bridge structures) have been executed of necessity in great haste with materials immediately available, but often not suitable for permanent use. Track materials for the repair of the railroads needed by the military have been taken from other sections, which are now hardly safe even for the limited loads they carry. In some of these areas, ties have had to be taken from station sidings to provide materials to keep open the track between stations.

107. The highways in South Korea are well-sited but the surface is water-bound and deteriorates rapidly under heavy traffic, particularly during rain. Maintenance of the roads is supervised by local officials at varying standards and is carried out by conscription of a local labour force. The major cities are connected by double line highways which have been greatly improved by the United Nations military forces by re-grading, widening of culverts and the application of crushed rock and gravel top-dressing which has made them usable in all weathers.

108. Under the Japanese administration, practically all Korea's shipping requirements were met by Japanese shipping firms and, by the end of the Second World War, all Japanese vessels, except a few antiquated ships totalling about 15,000 gross tons, had been withdrawn from Korean waters.

109. The Government acquired eighteen ships of the LST and F-3 type from the United States, which has also lent the Government eight ships of the Baltic Coaster type. With the outbreak of hostilities, the South Korean Navy took over the LST and F-3 ships for service under the United Nations Command. The balance of the merchant fleet owned by South Korea consists mainly of the ex-Japanese freighters, which have dangerously exceeded their normal span of service, and two small coastal vessels recently purchased by the Government. It has been estimated that South Korea needs between 40,000 and 50,000 tons dead weight of coastal type shipping, which will be required to transport annually over 1,500,000 tons of goods, mainly between Korean ports, during the next few years, and a greater tonnage thereafter. The several hundred coastal and harbour aids to navigation are unsatisfactory and unreliable. Lights and channel buoys, in particular, need to be reconditioned. There is a lack of trained Korean maintenance staff and of administrative and technical staff to supervise these services.

ELECTRIC POWER

110. Prior to its division at the 38th parallel, Korea had a well-developed, interconnected generation and transmission system of hydro-electric and thermal-electric power facilities which, however, was highly dependent upon production facilities in the north. The gradual decrease in electric power crossing the line into South Korea culminated in May 1948 in a total power cut-off. Floating power barges, originally brought in by the United States Military Government as an emergency measure, supply 50 per cent of present power generation

in South Korea, but at the high cost of approximately \$3,600,000 yearly. Despite the use of these power barges and the tripling of output of the steam power plants, South Korea's power supply remains far short of basic requirements.

COMPARISON OF MONTHLY POWER SUPPLY IN SOUTH KOREA
April 1948 and June 1952
(Units kw monthly average)

Source of power	April 1948	June 1952
<i>South Korea</i>		
Power barges.....	8 000	39 000
Steam power plants.....	8 000	24 000
Hydro-electric plants.....	29 000	12 200
<i>North Korea</i>	57 000	-
TOTAL	102 000	75 200

111. Preliminary surveys indicate that demand for power in the Republic of Korea will range from 190,000 to 200,000 kw to meet peacetime needs and to allow for an adequate short-term development of mining and industry. For immediate needs, the United Nations Command has been compelled to place emphasis on overhauling and making maximum use of existing facilities in an attempt to restore output to pre-invasion levels. Steps now required are the provision of electric supplies and equipment for the repair of transmission and distribution lines supplying power to industry, mines and other commercial and domestic users, and the repair and reconditioning of selected power-generating stations. In this connexion, the shortage of coal has remained the chief bottleneck to expansion of power supply. An increase of coal production is accordingly prerequisite to substantially increased power output.

COAL

112. The minimum coal requirements for the Republic of Korea are estimated at 2 million metric tons annually, exclusive of the need for coal in industries which may be developed in the future. All the coal found in South Korea is anthracite, with a high ash content. The known anthracite reserves are estimated at 100 million tons, but it is probable that prospecting will uncover additional reserves. However, this Korean anthracite coal has a number of characteristics which make its use in manufacturing processes difficult. In the first place, it lacks cohesiveness and breaks easily into powder. Secondly, because its calorific value is low, it must be burned chiefly as powdered coal in the form of briquettes.

113. While anthracite production in 1949 was 1,137,580 metric tons, it is estimated that in 1952 the total production will be approximately 500,000 metric tons. In addition, whereas there was some lignite available in 1949, it is estimated that lignite will not be produced at all in 1952. Similarly, 330,000 metric tons of briquettes were produced in 1949 and the estimate for 1952 is only 50,000 metric tons, since plants have been considerably damaged. Imports of bituminous coal are expected to total one million tons in 1952, compared with 660,000 metric tons in 1949, but they are primarily for use by railways for military purposes. The estimated supply in 1952 for civilian purposes will therefore not be adequate to the need. Immediately required is substantial and early development of the anthracite reserves as well as a programme for rehabilitation of the briquetting industry. Most of the anthracite mines in the Republic of Korea

are operated by the Government through the Dai Han Coal Corporation which distributes both anthracite and bituminous coal imports. The principal coal fields, with their estimated recoverable reserves are:

	Estimated recoverable reserves (Metric tons)
1. Machari.....	37 000 000
2. Hambaik.....	12 000 000
3. Samchok.....	14 000 000
4. Tanyang.....	13 000 000
5. Hwasun.....	5 000 000
6. Ensyung.....	10 000 000

Labourers are available to exploit these fields, but lack of working capital has deterred their development.

114. Briquettes consist of 60 per cent Korean anthracite, 30 per cent imported bituminous coal and 10 per cent imported pitch. This combination of fuels makes a marketable product of coal which in its natural state cannot be used efficiently and would otherwise be wasted. Briquettes are more economical than imported bituminous coal for use in locomotive boilers and, therefore, could provide the railway system of the Republic of Korea with fuel while, at the same time, permitting a substantial reduction in bituminous imports. Rehabilitation of the briquetting industry would take a comparatively short time and should be of great help in providing fuel for the Korean economy.

115. The extent of lignite deposits is not yet known, since little exploratory drilling has been done. There appears, however, to be a great potential in this field and this could possibly be an important source for supplementing the coal production. Experiments have been undertaken in the distillation of lignite, but its use on a commercial scale has not yet been developed.

OTHER MINING

116. Under the pressure of war, the mining industry of Korea under the Japanese was operated without regard to the ability of a mine to produce on a commercial basis. Consequently many mines have been found uneconomic and have had to be abandoned. It is impossible, at the present time, to assess the full extent of Korean mineral resources. An immediate objective in Korea must therefore be to provide facilities whereby the commercial potential of mineral deposits can be ascertained. A survey of placer deposits must be made and laboratory facilities provided to analyse ore samples. In addition, Koreans themselves must be trained to operate on a self-supporting basis those mines which are found to be worth exploiting.

117. Korean mineral resources are known to include substantial deposits of gold, silver, tungsten and graphite. Production of these minerals, as well as of bismuth, molybdenum, talc, kaolin, lead, copper, manganese and other minerals has continued through the period of hostilities at considerably curtailed levels. All these reserves are owned by the Government and the right to mine is vested in the Government. Disposal of these vested properties to private investors would be an important stimulant toward the increased production of minerals in the Republic of Korea.

MANUFACTURES

118. The Samwha Iron Works, partially constructed at Samchok, is the only plant potentially capable of pro-

ducing pig-iron from Korean ores. Its production is dependent upon the rehabilitation and evaluation of nearby iron ore deposits. Some cast iron can be made from scrap materials in local cupolas, but the products are inferior because of lack of good coke and smelting controls.

119. There are several companies in the Inchon area possessing electric furnaces capable of remelting scrap steel and pouring ingots. Steel castings for mine equipment, replacement parts and other equipment have been produced on a limited scale. Processed scrap steel is currently rolled into rod stock from which wire-drawing companies make wire, cable, wire products and nails.

120. Manufacture of aluminium products is limited to sheets and castings, but the only large mill for rolling sheets was destroyed in the present conflict. Several small companies are currently rolling a small amount of sheet originating from salvaged airplane scrap, also spinning a variety of rice bowls and utensils.

121. Copper, lead, zinc and brass can be produced in sufficient quantities to meet domestic needs. Most native ores are processed at the Changang Smelting Works in Kunsan, which also operates a copper electrolytic refinery. Sheet lead and extruded tubing are made by the Lead Industry Company, Inchon. Although facilities are poor, there are some small rolling mills for the production of strip or rod brass. Tin and antimony are not available except by import. These are used in manufacturing type metal and machine bearings.

122. Heavy industry was centred in the Seoul-Inchon area. The Chosen Heavy Industry Company has dry docks and ship-ways which have been idle since 1945. This company formerly produced diesel engines, air compressors, ore-processing equipment, ball mills, jaw crushers and miscellaneous mine equipment. Employment prior to 1945 is reported at several thousand; presently, approximately 100 are employed at minor jobs. Most of the buildings are seriously damaged by neglect and bombings, but much of the machinery and equipment can be salvaged and repaired. There are excellent locomotive and car repair shops in this area which, together with the shops at Pusan, are adequate to meet Korea's railroad requirements.

123. Agricultural and other machinery, such as irrigation pumps, printing presses and knitting machines are built by foundries and machine shops throughout Korea. The chief problem is to obtain the various raw materials required. At present, the industry is dependent on supplies obtained through government organizations, which are not adapted to handle the complex variety of supplies required.

124. Metal goods are manufactured throughout South Korea in plants ranging in size from small local blacksmith shops to large and fairly well-organized quantity producers of tin cans, nails, bicycles, farm tools, aluminium pots and pans and other similar needs. Almost every large village has a local foundry and machine shop where ploughs, rice kettles and simple machinery are made.

125. The Tongyang Electric Company in Inchon is a relatively modern electrical manufacturing plant and has suffered little war damage. This company has both grey iron and non-ferrous foundries, a substantial machine shop, coal-winding equipment, and the necessary ovens and impregnating equipment to make pole and line transformers and small motors. There are numerous small plants making electric sockets, switches, motors, bat-

teries and light bulbs. There were two excellent copper-wire plants, one in Inchon and another in Anyang. Both plants were bombed severely, but much equipment is being salvaged and limited operations are in progress.

126. The chemical industry in South Korea is disrupted. The Oriental Chemical Company and the Puksan Chemical Company were capable of supplying Korea's needs of basic acids and alkalis but, due to depreciation, power shortages and technical difficulties, operations have been limited for many years.

127. The rubber goods industry is well-developed, particularly for the production of the rubber shoes peculiar to Korea. Belting, hose, and tires and tubes for both bicycles and automobiles can also be produced in sufficient quantity to satisfy the domestic market. All raw rubber and most rubber-processing chemicals are imported, but locally produced talc and zinc oxide are available in sufficient quantity. For the manufacture of rubber goods about 5,000 metric tons of raw rubber are imported annually and large percentages of reclaimed scrap rubber and filler materials are added. The one large plant, in Yongdongpo, capable of making truck and passenger car tires and tubes was damaged severely in the present conflict, but the machinery and equipment are partly intact.

128. Presently, only one company, the Puksan Paper Industry Company, has machines capable of producing newsprint usable on both sides. Several other plants have machines that make paper suitable only for one-side printing, but these machines could be converted to produce newsprint. The major weakness in this industry is the lack of facilities for pulp-making. Although the use of straw in making pulp has been common practice throughout the world, its use in Korea has not been developed and large imports of pulp are required annually, totalling over 11,000 metric tons, despite the re-use of scrap paper. Power shortages and the scarcity of raw materials increase the difficulties. Paper used for floor coverings and windows is made mostly by hand.

129. Miscellaneous chemical products such as soap, cosmetics, paints, inks, matches, alcohol and many pharmaceuticals are manufactured, but in most cases imported raw materials are required. Some seaweed is processed to make iodine, potassium iodide and agar-agar.

130. Industrial gases are produced in the forms of oxygen and carbide. Oxygen plants all use the Linde process. With carbide production at the Puksan Chemical Company, local needs are fairly well met for welding and cutting of steel in ship repairing and industry in general. All ammonia for refrigeration must be imported.

131. Ceramic plants in Korea are large and numerous, the products including Korean-style pottery, chinaware and electrical insulators; capacity is more than sufficient for local needs, although the quality is not sufficiently consistent for export. Production of other earthenware includes roof tiles, building brick and large kimchi jars, mostly in native kilns using brush and wood for fuel.

132. The cement industry is limited to one plant at Samchok with a capacity of about 60,000 metric tons per year, but not producing to capacity because of power shortage. Before the present conflict, South Korea's normal requirements of cement were estimated at 500,000 metric tons annually. Resultant damages have created large additional demands, particularly for the construc-

tion of many needed irrigation projects, public works projects, and the building of homes.

133. Flat glass is not made in South Korea and the country is entirely dependent on imports, which totalled 2,500,000 square feet in 1949; present requirements of window glass are estimated at many times that figure. There are many factories making such hand-blown products as glass tubing, bottles, lamp chimneys, ornamental glass bowls and lamp bulbs, and several of the companies also make pressed glass products. Generally speaking, the quality is inferior, due chiefly to lack of proper ingredients and inferior techniques.

134. In the lumber industry, most of the plants are simple, crude sawmills without finishing machines, and with limited capacity as to the diameter and length of logs they can handle. There are also many veneer and plywood factories, but their product is of poor quality due to the use of inferior glue.

135. Home industries produce hundreds of items for the domestic markets. Besides such utilitarian goods as pots, pans, sieves, brooms and brushes, there is a considerable production of decorative lacquer ware and ornamental brass products.

136. The government monopoly has jurisdiction over the production and distribution of salt, cigarettes and tobacco, and ginseng. The local production of salt is not sufficient to meet domestic needs, particularly for the preservation of fish, and substantial imports are necessary. The leaf consumed in the manufacture of cigarettes is produced locally, but the paper is imported.

TEXTILES

137. The output of cotton cloth represents about 80 per cent of the total Korean textile production. Prior to the present conflict, there were seventeen mills with 316,572 cotton spindles and 9,347 looms in place and with 291,248 spindles and 8,522 looms in operation. Peak pre-war monthly production was 8,600,000 yards of cloth as well as the yarn required to support allied operations. As of June 1952, 87,672 spindles and 2,871 looms were in operation in seven mills and produced 3,527,640 yards of cloth and 590,400 pounds of sales yarn. Spindles and looms are constantly being restored. By August 1952, approximately 100,000 spindles and 4,000 looms were operating, and it is expected that, within a few months, there will be eleven mills operating with 170,000 spindles constituting about 55 per cent of pre-war capacity.

138. Korean silk and rayon weavers have ample capacity to meet domestic demands and to produce an exportable surplus. The prime difficulty is a deficiency in raw materials. Sericulture, reeling and throwing of thread are household industries but domestic production of raw silk is only about 10 per cent of requirements. It is estimated that there are 35,000 looms of varied widths, of which about 20,000 are hand and foot operated. Many silk weavers also use native-grown ramie and flax. All rayon yarns are imported, generally from Japan, but no rayon yarn has been imported under the aid programmes.

139. The woollen industry is relatively under-developed in South Korea; it lacks raw materials, modern equipment and technicians. Plants producing woollen goods are located at Masan and Miryang, both in Kyongsang Namdo, and a blanket factory at Miryang has a production capacity of 3,000 blankets per month. In

1949, average monthly production of woollen cloth totalled approximately 40,000 yards, and in the first three months of 1952, the monthly average production had been restored to 34,000 yards.

140. Generally speaking, the clothing industry only manufactures uniforms for the police and military. All sewing equipment, both hand and power-operated, is of foreign manufacture; however, parts and supplies appear adequate. Most civilian clothing is made at home or in local tailor shops.

141. Sufficient knitting machinery is in operation to meet immediate domestic needs. Both simple hand-operated machines and the more modern circular type power-driven machines are used. The local machine builders can meet needs for future expansion. The industry is in fair financial condition as a result of its activity in filling military orders.

142. There is a relatively large potential of hand looms and small power looms in Korean home industry. Cottage establishments in the Republic of Korea are estimated to number 625 with a total of more than 12,000 hand looms and 11,000 power looms. These looms have a potential annual capacity of 15 million yards of cotton cloth. Stimulation of these home enterprises by making available yarns would provide employment for thousands of Koreans and contribute substantially to meeting the cotton cloth requirements of the people.

Foreign trade

143. Korea's external trade up to 1945 was predominantly with Japan. The pattern of trade in the Far East has changed radically since that time. The record of the past therefore provides no basis for conjecture as to future development of the foreign trade of the new Republic or the levels of imports at which viability might be achieved.

144. There are, however, known requirements of the South Korean economy which cannot now be met within the country. These include fertilizers, chemicals, bituminous coal, industrial and technical equipment other than the simplest machines, rubber, cotton, rayon and silk, cement and flat glass. Until food production is increased, there will also be a need to import rice and other grains.

145. South Korean potential exports include tungsten and other ores, graphite and marine products (including fish oil and meal); also, if yields were improved, South Korea could export rice on a large scale.

146. At the present time, a large volume of sustaining imports is being provided by the United Nations Command, and there is a manifest need for exceptional imports of equipment or materials to replace the damage caused by hostilities. Imports have been, and continue to be, for government account. The foreign exchange resources controlled by the Government have not, up to now, been made available to private importers, nor is there currently any mechanism by which this might be done. On the other hand, exporters are not required to sell their foreign currency earnings either to the Government or the Bank of Korea and may transfer such holdings to licensed importers. There is an active market in South Korea in dollar currency and other dollar instruments, the rates being closely related to those at which dollar holdings are exchanged between foreign traders and much higher than the official rate of exchange be-

tween the won and the dollar. The existence of this multiple exchange rate structure, coupled with the Government's rigid control over its foreign exchange resources, creates conditions in which private imports tend to be related to speculation. In these circumstances, the present trend of exports and imports cannot be taken as indicative of the pattern which can be expected to develop as recovery makes it possible to liberalize the conditions of foreign trading and the adoption of a single exchange rate. However, for the first five months of 1952, total exports were valued at \$7.6 million and imports at \$19.2 million.

Housing

147. Physical housing needs in Korea are so great that the possibility of their being met within any foreseeable future seems remote. Approximately 900,000 houses are required to meet present needs; of this total, roughly 744,000 constitute the backlog required to replace houses destroyed by hostilities and to accommodate refugees from North Korea. About 155,000 are needed annually to cover the population increase, to replace homes destroyed by fire and those which have deteriorated beyond repair. Nevertheless, it is estimated that 50,000 houses is the highest annual rate of building that can be reached at the present time. It is apparent, therefore, that until the rate of construction can be substantially increased, the backlog will mount steadily.

148. The typical Korean house, which is small, can be simply constructed. Required building skills are rudimentary and enough artisans, such as rough carpenters, masons, plasterers and paperhangers are available. However, the lack of indigenous housing materials has made construction dependent on imported building materials. The high rate of destruction of forest lands has limited the availability of native lumber. Cement is scarce, and plants for the manufacture of flat glass for windows do not exist. Finally, indigenous production of burned-clay

building products, such as bricks, wall tiles and roof tiles, is hampered by shortages of fuel and transport. Since neither UNKRA nor the Government has the resources to import more than a small part of the building materials needed to reconstruct housing, it is clear that in the long run Korea must produce these materials itself if housing needs are to be met. Nevertheless, the manufacture of these materials—cement, glass, nails—as well as full production of indigenous burned-clay building products, will require relatively large amounts of domestic capital, coal and power, all of which are in short supply. Also, there is only a limited availability of road and rail transport facilities to move the raw materials and the finished products, whether locally produced or imported.

149. There is a need for fundamental legislation concerning the programming, building and administration of publicly aided housing as well as for adequate government financial aid to encourage private building.

Other problems

150. Throughout the foregoing survey of the South Korean economy, it has been brought out that the financial resources of the country are not sufficient to meet the needs of recovery. Unfortunately, there are still other and equally pressing needs for which the Government will be called upon to provide funds. The education system, medical and social welfare services, including institutions for the care of orphans and the aged, all need rehabilitation. There is a major problem in the resettlement of refugees and the rehabilitation of the tens of thousands who have been maimed. Further the Government itself needs to be re-housed. The cost of restoring these segments of the structure of the nation has not yet been computed, but there can be no doubt that the sums involved are tremendous, relative to the resources that can presently be mobilized.

Chapter IV

THE ORGANIZATION OF UNITED NATIONS ASSISTANCE

151. Prior to the establishment of the United Nations Korean Reconstruction Agency, the United Nations took action to repel aggression in Korea and to render assistance to the civil population of the Republic. The Security Council, the Economic and Social Council and the General Assembly passed resolutions designed to channel collective assistance into the Republic of Korea. The Secretary-General and the Unified Command took steps to implement the decisions of these organs of the United Nations. Member nations, specialized agencies, non-governmental organizations and voluntary agencies promptly and generously made their resources and personnel available. The humanitarian response to the emergency and to the desperate needs of the Korean people constitutes a chapter in the history of international co-operation of which the United Nations may be justly proud.

152. The Security Council acted immediately to deal with the military situation in Korea upon receipt of information that attacks had been launched on 25 June 1950 by North Korean forces all along the 38th parallel.

At its 473rd meeting on the same day, the Secretary-General declared the situation serious and a threat to international peace. A resolution was passed at the meeting⁴ which, *inter alia*, called upon all Members to render every assistance to the United Nations in calling for a cessation of hostilities and withdrawal of North Korean forces to the 38th parallel.

153. In view of the fact that the resolution of 25 June 1950 was ignored by the North Korean forces, the Security Council forthrightly took the next step by adopting, at its 474th meeting on 27 June 1950, a resolution⁵ which noted that urgent military measures were required to restore international peace and security and recommend that Member nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area. For the first time in history, collective inter-

⁴ S/1501, *Official Records of the Security Council, Fifth Year*, No. 15, p. 18.

⁵ S/1511, *Official Records of the Security Council, Fifth Year*, No. 16, pp. 4 and 16.

national action had been taken to preserve the security of a nation and to repel armed aggression.

154. In response to this resolution, so many nations pledged assistance that a co-ordinating agency was required to command all United Nations troops in Korea. Accordingly, the Security Council, at its 476th meeting on 7 July 1950, established a Unified Command under the direction of the Government of the United States of America to co-ordinate the forces and other assistance made available by Member nations for the defence of the Republic of Korea.⁶

155. As in all cases of aggression, the civilian population of the Republic of Korea was a principal casualty. Refugees multiplied and there was widespread human misery for which immediate relief had to be provided.

156. At its 479th meeting on 31 July 1950, the Security Council therefore considered a joint draft resolution, introduced by the delegations of Norway, France and the United Kingdom which concerned itself specifically with the urgent needs of the civilian population. The resolution, *inter alia*, requested the Unified Command to determine requirements for relief and support of the civilian population of Korea, to establish procedures for providing such relief and support, and to provide the Security Council with reports on its relief activities. The resolution also requested the Secretary-General to transmit all offers of relief assistance to the Unified Command, and also requested the Economic and Social Council, specialized agencies and appropriate non-governmental organizations to provide such assistance as the Unified Command might request. This resolution was adopted by the Security Council on 31 July 1950.⁷ The action constituted a second historic step in the mobilization of world peace machinery since it evoked for the first time in the case of aggression the assistance of the specialized agencies of the United Nations.

157. The Economic and Social Council supported the Security Council action. On 14 August 1950, it adopted resolution 323 (XI), which requested the specialized agencies and appropriate subsidiary bodies of the United Nations to lend their utmost support in providing the Unified Command with all possible assistance for the civilian population of Korea. The Secretary-General was authorized to transmit to the several agencies directly such requests for assistance as might be within their power to give. The Secretary-General was further authorized to invite appropriate non-governmental organizations to give assistance. He was requested also to render progress reports to the Council.

158. The General Assembly held the first meeting of its fifth session on 19 September 1950, and on 26 September, referred to the First Committee (Political and Security Committee) the problem of the independence of Korea, including the question of relief and rehabilitation. On 7 October 1950, the General Assembly, on the basis of a report of its First Committee, adopted resolution 376 (V) establishing the United Nations Commission for the Unification and Rehabilitation of Korea to represent the United Nations in bringing about a unified, independent and democratic government of all Korea, and to exercise such responsibilities in connexion with relief and rehabilitation in Korea as might be determined by the General Assembly after receiving the recommenda-

tions of the Economic and Social Council. The Economic and Social Council was requested, in consultation with the specialized agencies, to develop plans for relief and rehabilitation on the termination of hostilities and to report to the General Assembly at a future date. It was also recommended that the Council should expedite studies of long-term measures to promote the economic development and social progress of Korea.

159. After reconvening in October, the Economic and Social Council, in response to the above resolution of the General Assembly, adopted on 16 October, resolution 337 (XI), whereby it appointed a Temporary Committee on the Formulation of a Provisional Programme to examine all available material on the probable needs of Korea for relief and rehabilitation for the purpose of submitting a provisional report on the scale of the programme required. The Secretary-General and the heads of the specialized agencies were requested to provide the Committee with expert advice and assistance.

160. During the period in which the Committee was preparing its report, the Council considered draft resolutions designed to meet the request of the General Assembly that the Council should report on plans for the rehabilitation of Korea. A joint Australian-United States draft resolution emphasized the role of the United Nations Commission for the Unification and Rehabilitation of Korea as the principal political organ of the United Nations in Korea and recommended the establishment by the General Assembly of a United Nations Korean Reconstruction Agency, under the direction of an Agent General. The draft resolution further provided for a five-nation Advisory Committee to advise the Agent General.

161. This resolution, which was adopted on 7 November 1950 (resolution 338 (XI)) also included a statement of general policy on Korean relief and rehabilitation and a detailed description of the task of the Agent General. It took note of the report of the Temporary Committee⁸ which stated that a sum of not less than \$250 million would be required to finance a Korean relief and rehabilitation programme over a period of somewhat more than a year. The Secretary-General was requested to bring the resolution to the attention of Member States so that they might consider the extent of the contribution they were prepared to make and be ready to inform the General Assembly of their action in this regard.

162. On 1 December 1950, the General Assembly adopted resolution 410 (V) which approved the proposals of the Economic and Social Council as set forth in resolution 338 (XI) and provided for the establishment of the United Nations Korean Reconstruction Agency (see annex I). The preamble to resolution 410 (V) acknowledged receipt of the report of the Economic and Social Council on the problem of Korea, and stated its belief that the creation of a United Nations programme of relief and rehabilitation for Korea was necessary to lasting peace in the area and to the establishment of an independent, unified nation. It was therefore considered desirable to set up a special authority with broad powers to plan and supervise rehabilitation and relief and to assume such functions and responsibilities relating to planning and supervision, to technical and administrative matters, and to questions affecting organi-

⁶ S/1588, *Ibid.*, No. 18, p. 8.

⁷ S/1657, *Official Records of the Security Council, Fifth Year*, No. 21, pp. 3 and 7.

⁸ E/1864, *Official Records of the Economic and Social Council, Eleventh Session (resumed), Annexes (XI)*, supplementary item No. 3, p. 24.

zation and implementation as were to be exercised under the plans for relief and rehabilitation approved by the General Assembly.

163. Accordingly, the United Nations Korean Reconstruction Agency was established under the direction of an Agent General responsible to the General Assembly for the conduct of the programme as it might be determined from time to time by the Assembly. The Agent General was directed, in carrying out his functions:

(a) To ascertain, after consultation with the designated authorities in Korea, the requirements for supplies and services for relief and rehabilitation made necessary by the consequences of armed conflict in Korea;

(b) To provide for the procurement and shipment of supplies and services and for their effective distribution and utilization within Korea;

(c) To consult with and assist the appropriate authorities in Korea with respect to measures necessary for the rehabilitation of the Korean economy and the effective distribution and utilization within Korea of supplies and services furnished;

(d) To submit reports to the General Assembly through the Secretary-General, transmitting copies simultaneously to the United Nations Commission for the Unification and Rehabilitation of Korea, and to the Economic and Social Council;

(e) To be guided in matters of administration, to the extent consistent with the special requirements of the programme, by the rules and regulations established for the operation of the Secretariat of the United Nations.

In carrying out these functions, the Agent General was further directed:

(a) To co-ordinate his programme with measures taken by the United Nations Commission for the Unification and Rehabilitation of Korea to carry out the recommendations of the General Assembly relating to the establishment of a unified, independent and democratic government in Korea, and to support the Commission in fulfilling this task;

(b) To commence the operation of the programme in Korea at such time as might be agreed upon by the United Nations Unified Command, the United Nations Commission for the Unification and Rehabilitation of Korea and the Agent General;

(c) To consult with and generally be guided by the advice of the United Nations Commission for the Unification and Rehabilitation of Korea on matters dealing with unification, and to be governed by its advice as to the geographical areas within which the Agency might operate and as to the various authorities within Korea with which he might establish relationships.

164. UNCURK was authorized to take such steps as might be needed to support the Agent General in fulfilling his task in accordance with the policies established by the General Assembly for relief and rehabilitation. In addition, the resolution provided for such co-ordination of activities between UNKRA and UNCURK as would keep each fully informed of action taken by the other.

165. Resolution 410 (V) also contained a statement of general policy on relief and rehabilitation in Korea which made clear the objectives of the United Nations programme for the relief and rehabilitation of Korea and provided the Agent General with precepts for the

accomplishment of his task. Stress was placed on the requirement that the programme should be carried out in conformity with the national interests of the Korean people, that the programme should be supplemental to a general recovery effort of the Koreans themselves and that contributions and supplies should be used exclusively for relief and rehabilitation. The general policy statement expressed the sense of the General Assembly on priorities in the programme, the distribution of supplies, measures with respect to local currency proceeds from the sale of imported relief supplies, the effective employment of economic and financial measures designed to assist the Korean people, and administrative requirements for the efficient operation of the programme.

166. An Advisory Committee (consisting of representatives of Canada, India, the United Kingdom, the United States of America and Uruguay) to advise the Agent General with regard to major financial, procurement, distribution and other economic problems was further provided. The President of the General Assembly was also requested to appoint a Negotiating Committee composed of seven or more members for the purpose of consulting with Member and non-member States as to the amounts they might be willing to contribute towards the financing of the Korean rehabilitation programme. The President appointed a Negotiating Committee composed of Canada, Egypt, France, India, the United Kingdom, the United States of America and Uruguay.

Response to United Nations appeals for aid to Korea

EMERGENCY RELIEF PROGRAMME IN KOREA

167. Based upon Security Council resolutions S/1511 and S/1588 and Economic and Social Council resolution 323 (XI), nineteen requests for emergency relief assistance have been made by the Unified Command up to the time of the present report. These have been transmitted to governments, specialized agencies, non-governmental organizations and voluntary agencies, first by the Secretary-General and more recently by the Agent General. On 3 March 1952, the Unified Command accepted a proposal of the Secretary-General that, in the future, all offers of and requests for emergency relief assistance to Korea should be channelled through the Agent General. As of that date, therefore, the Agent General assumed full responsibility for this phase of the Korean relief programme.

168. Requests for relief assistance have been mainly for food, clothing, medical supplies and personnel. The governments of many Members of the United Nations, as well as of some non-members, have responded generously. As of 15 September 1952, pledges and contributions to the emergency programme from all sources totalled \$288,634,389. A total of thirty-three Member and non-member States had, at that date, responded to the appeals for the emergency programme as had more than a score of non-governmental groups. The total of non-military offers made by governments since 1950 is \$270,910,520 including \$253,728,212 supplied by the United States through the Unified Command.⁹

⁹ Details of offers made for the emergency relief programme are stated in annex III. The total of thirty-three States includes three which contributed cash to the emergency programme which was, in turn, made available for UNKRA use, and two which contributed supplies to UNKRA which were in turn made available to the emergency programme.

169. The International Refugee Organization, the United Nations International Children's Emergency Fund and the United Nations Educational, Scientific and Cultural Organization have contributed \$1,788,683 in supplies; non-governmental organizations and voluntary agencies, mainly in the United States, Canada, New Zealand and Norway have offered goods, mainly used clothing, food, newsprint and medical supplies, to the value of \$15,033,659.⁹

170. In response to requests for personnel to assist in Korean rehabilitation, the International Refugee Organization, the International Labour Organisation, the World Health Organization, the Food and Agriculture Organization, the United Nations Educational, Scientific and Cultural Organization and the Technical Assistance Administration have contributed the services of specialized personnel. In addition, non-governmental organizations and voluntary agencies have provided technical personnel assistance. Under special arrangements with the League of Red Cross Societies, medical teams have been supplied by the American, British, Canadian, Danish and Norwegian Red Cross Societies; the Mennonite Central Committee and the Australian Save the Children Fund have also sent personnel to Korea in response to Unified Command requests.

171. On 1 January 1952, the Agent General, in agreement with the Secretary-General and the Unified Command, became responsible for a major portion of the recruitment of specialized civilian personnel for Korea. Provision was made to transfer to UNKRA personnel then serving in Korea who had been supplied by specialized agencies, non-governmental organizations and voluntary agencies, and to second them to UNCACK.

172. Progress reports in response to Economic and Social Council resolution 323 (VI) were presented by the Secretary-General on 11 October 1950,¹⁰ on 12 February and 16 March 1951,¹¹ on 25 June and 16 August 1951 (E/2032 and Add.1) and on 7 April 1952 (E/2197). The Secretary-General, in his last report, advised the Council that the Agent General of the United Nations Korean Reconstruction Agency had, on 3 March 1952, assumed the responsibility for dealing with the Unified Command on the question of emergency assistance for the civilian population of Korea and for future reporting to the Council on this phase of the programme.

173. At its twelfth session, the Council had before it the Secretary-General's reports of 12 February and 16 March 1951. The Council took note of the fact that the Agent General of UNKRA had only recently been appointed and was not yet in a position to furnish a report. The Council could therefore not make the appropriate reports requested by the General Assembly. It did, however, take note of the Secretary-General's progress reports and adopted resolution 359 (XII) which expressed the concern of the Council that some Member States had not offered contributions toward the programme for Korean relief. In addition, the resolution expressed the hope that all Member States would find it possible to

contribute because of the urgency and magnitude of the need and as evidence of United Nations solidarity.

174. At its thirteenth session, the Council, in resolution 397 (XIII), took note of further progress reports by the Secretary-General (E/2032 and Add.1), and reaffirmed the hope that all Members of the United Nations would find it possible to contribute to the Korean relief programme. At its fourteenth session, the Council received the final progress report of the Secretary-General on the emergency programme for civilian relief and rehabilitation in Korea, and took note of the acceptance by the Agent General of responsibility for future reporting on the progress of the programme. Discussion of the activities of UNKRA were postponed pending action of the General Assembly in this connexion.

175. The Agent General of UNKRA presented an oral report to the Council at its thirteenth session in which he gave an account of the tragic conditions in Korea, of the early activities of the Agency and of the operational plans for the future. In resolution 398 (XIII), the Council acknowledged with appreciation the verbal report of the Agent General.

176. In response to resolution 410 (V), the Agent General reported to the General Assembly at its sixth session (A/1935 dated 3 November 1951), copies being transmitted simultaneously to the Economic and Social Council (E/2155) and to UNCURK. He outlined the proposed activities of UNKRA during the phase before the establishment of military security and told of plans for a programme which would be operational when the military situation permitted. The Agent General also issued a statement to the General Assembly summarizing the action of the Advisory Committee (A/1935/Add.1, dated 16 January 1952). On 5 February 1952, the General Assembly postponed consideration of items on its agenda relating to Korea, and decided by resolution (507 (VI)), that a special emergency session of the Assembly should be held on the conclusion of an armistice in Korea or when other developments in Korea made such a meeting desirable.

WORK OF THE NEGOTIATING COMMITTEE

177. General Assembly resolution 410 (V) provided for the establishment of a Negotiating Committee on Contributions to Programmes of Relief and Rehabilitation to be responsible for raising funds for the Korean programme.¹² The Committee assiduously took up its task and during the early part of 1951 was in constant consultation with delegations regarding contributions for the financing of the programme. The Committee reported on 26 January 1951 (A/1769) that it had gone as far as it could with the consultations and stated that the next step lay with the governments themselves. By that time, thirty-six Member States and one non-member State had made or promised contributions towards the relief of the civil population of Korea, in response either to the Security Council resolutions on Korea (S/1511, S/1588 and S/1657) or to General Assembly resolution 410 (V). Contributions continued to be received through May 1951, at which time the Negotiating Committee decided to conclude its fund-raising activities and place that responsibility on the Agent General. Its recommendations to the General Assembly included suggestions

⁹ E/1851/Rev. 1, *Official Records of the Economic and Social Council Eleventh Session* (resumed), *Annexes* (XI), supplementary item No. 3, p. 2.

¹¹ E/1913 and Add. 1, *Ibid.*, *Twelfth Session* (1951), *Annexes*, agenda item 21, pp. 1 and 9.

¹² The Negotiating Committee also had the responsibility for soliciting funds for the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

for a new Negotiating Committee to begin work at the start of the sixth session of the General Assembly.

178. At the sixth session of the Assembly, a Negotiating Committee for Extra Budgetary Funds was appointed (resolution 571 (VI) of 7 December 1951). It was authorized to consult with Member and non-member States regarding the amounts which governments might be willing to contribute on a voluntary basis towards programmes approved by the Assembly for which funds were not available through the regular United Nations budget and for which the Committee might be specifically requested by the Assembly to solicit contributions. The Committee was later requested by the Assembly to undertake negotiations regarding voluntary contributions to the programme of UNKRA for the relief and rehabilitation of Korea (resolution 507 (VI) of 5 February 1952).

179. As of 15 September 1952, twenty-seven Member States and two non-member States have contributed to the UNKRA programme in response to the efforts of the Negotiating Committee and UNKRA. They have pledged a total of \$205,590,806, of which \$18,718,954 has actually been made available to the Agent General. In addition, twenty-seven Member States and one non-member State have pledged assistance in response to Security Council resolutions. Of the total of \$270,211,986 pledged in this connexion, \$264,580,697 has been received (see annex III).

ASSIGNMENT OF RESPONSIBILITIES UNDER RESOLUTIONS 180. The responsibilities of the Unified Command under the Security Council resolution of 31 July 1950 (S/1657) for the conduct of civilian assistance in Korea were assigned to the Commander-in-Chief, United Nations Command (CINCUNC) with headquarters in Tokyo. During August and September 1950, they were carried out for the most part in Korea by the United States Economic Cooperation Administration (ECA), with the assistance and co-operation of the Government of the Republic of Korea and the Public Health and Welfare Section of the United Nations Command. By the end of September 1950, the Unified Command had made a formal division of responsibility. CINCUNC was charged with the prevention of disease, starvation and unrest, and the provision of civilian-type supplies for both military and civilian users; ECA was given interim responsibility for planning post-war rehabilitation projects, and also an advisory position with respect to CINCUNC's activities. Within the territorial limits of Korea, CINCUNC assigned the task of civil assistance to the Commanding General, Eighth United States Army, Korea (EUSAK). The Commanding General, EUSAK, set up a major command, the United Nations Civil Assistance Command (UNCACK) within the Eighth Army to provide civil assistance in all areas except combat zones.

181. ECA and UNCACK operated concurrently in Korea until 7 April 1951. The phasing-out of ECA coincided with the assumption of responsibility by UNKRA.

Chapter V

ORGANIZATION AND GENERAL APPROACH OF THE AGENCY

182. The Agent General of UNKRA, J. Donald Kingsley, was designated by the Secretary-General on 7 February 1951, with the concurrence of UNCURK and the previously constituted Advisory Committee to the Agent General. Mr. Kingsley was at that time also Director-General of the International Refugee Organization and was unable to accept formal appointment until after approval by the General Council of IRO, which acted affirmatively in late April 1951. Meanwhile, the Agent General-designate visited Korea for discussions with the Government of the Republic of Korea, UNCURK and the United Nations Command. To maintain continuous contact with these authorities and to undertake on-the-spot surveys and develop plans, he named Sir Arthur N. Rucker as Deputy Agent General.

183. Hopes for an early settlement of the Korean conflict, which had been so high in December 1950, had waned by the time the Agent General was appointed. Military activity was then intense, and port, warehouse and transportation facilities in the Republic of Korea were being strained to handle essential military supplies. Under the circumstances a programme of economic rehabilitation was inconceivable. The most that the United Nations could hope to do was to provide food, clothing and shelter for the millions of refugees and to prevent the spread of disease among them. This, the United Nations Command was accomplishing.

Relations with the United Nations Commission for the Unification and Rehabilitation of Korea and the Unified Command

184. In this situation, the Agent General set about establishing relations with the appropriate and several authorities involved in the UNKRA programme and the development of plans against a future when the Agency might become operational. The first step was to hold conversations with UNCURK, to seek the advice of its members, and to receive formal authorization from the Commission to establish relations with other authorities in Korea, as required by the terms of General Assembly resolution 410 (V). On 3 May 1951, after conferring with the Agent General, UNCURK formally designated the Government of the Republic of Korea and the Commander-in-Chief, United Nations Command, together with the subordinate Commands in Korea, as the authorities with whom the Agent General might deal.¹³ UNCURK later prescribed the territory within the control of the Government of the Republic of Korea as the area within which UNKRA could operate.¹⁴

185. The Agent General has since had an opportunity of many discussions, both formal and informal, with UNCURK and its members. These have been uni-

¹³ UNCURK resolution of 3 May 1951.

¹⁴ UNCURK resolution of 27 July 1951.

formly helpful and the Commission has been generous in its support and assistance.

186. In March 1951, conversations were initiated with the Unified Command in Washington with a view to the establishment of co-operative relations and agreement upon a division of responsibility. These discussions culminated in an understanding which was formalized in an exchange of letters in July 1951 and approved by UNCURK. By its terms it was agreed that:

(a) The United Nations Command would continue to be responsible for relief and short-term economic aid until such time as military operations would permit the transfer of this responsibility to UNKRA. The timing of such a transfer would be determined by agreement between the Unified Command, UNCURK and UNKRA, in accordance with the terms of General Assembly resolution 410 (V);

(b) UNKRA would be introduced into the operation as it progressed so that the ultimate transfer of responsibility for the programme would be as smooth as possible;

(c) Each party recognized two phases: the first, to terminate when military operations permitted, during which the United Nations Command would have responsibility for all relief and short-term economic aid essential to military operations, and during which UNKRA would have the responsibility for long-range planning and high-level technical assistance to the Korean Government and for any programmes of economic aid in addition to the United Nations Command's programme which the military situation might permit UNKRA to implement. In the second phase, UNKRA would have full responsibility for all United Nations relief and rehabilitation activities in Korea, possibly assisted by the United Nations Command in the fields of procurement and transportation;

(d) UNKRA would, during phase I, provide a small group of economic and technical advisers in Korea for long-range planning and technical assistance to the Government of the Republic of Korea under the direction of the Agent General and responsible to him, and a second group for programming and short-range planning which might be integrated into the United Nations Command and whose duties would then be prescribed by the United Nations Command.

187. Upon the basis of this agreement the Agent General proceeded, with the aid of the Technical Assistance Administration of the United Nations and the relevant specialized agencies, to recruit a body of experts and specialists who might assist and advise the Government of the Republic of Korea in particular fields and aid in the development of programmes and projects for UNKRA to carry out both in phase I and in phase II. Expert personnel were secured in such fields as public finance, banking, taxation and monetary policy, agriculture, mining, fishing, textiles, public health and education; these personnel were stationed in Korea. Preliminary surveys were made and programmes and projects developed. Among the specific projects proposed for immediate execution at the time were one for the importation of cattle and draught animals, a vocational training programme, a programme for the rehabilitation of Korean medical education and for the development of an artificial limb industry in Korea and for the medical rehabilitation of civilians, a programme for estab-

lishing orphanages, and one for the procurement of coastal cargo vessels. These were all in the nature of *ad hoc* projects, developed co-operatively by UNKRA experts and the relevant ministries of the Government of the Republic of Korea and designed to interfere as little as possible with the conduct of military operations.

188. Nevertheless, in the judgment of the United Nations Command, the military situation did not permit the carrying out of these projects. In view of this, UNKRA was not in a position to carry out the recommendations of the government ministries or of its own staff of experts. After some months' trial, therefore, the programme of providing technical assistance and expert consultants directly to the Government of the Republic of Korea was suspended.

189. The Agent General, therefore, again initiated conversations both with the Unified Command in Washington and the United Nations Command in Tokyo with a view to a clearer determination of those areas in which UNKRA could be of assistance under the military conditions prevailing. These culminated in a more detailed agreement formalized in a Memorandum of Understanding between the Agent General and the Commander-in-Chief, United Nations Command, and signed in Tokyo on 21 December 1951. A comparable Supplementary Agreement was also signed with the Unified Command in Washington on 28 March 1952. These Agreements provided, *inter alia*, that:

(a) Phase II, as envisaged in the original agreement between UNKRA and the Unified Command, would begin 180 days after the cessation of hostilities in Korea, unless it is determined by the Unified Command, in consultation with the Agent General, that military operations do not permit the commencement of phase II at that time, or unless an earlier transfer of responsibility is mutually agreed upon;

(b) Joint Committees representing UNKRA and the United Nations Command would be established in Korea and Tokyo, and a similar Joint Committee, representing UNKRA and the Unified Command, would be established in Washington. Such Committees will discuss all matters of common interest related to Korea and will develop joint plans for the relief and rehabilitation of Korea;

(c) Each party will fully inform the other with respect to programmes of relief and rehabilitation and plans therefor;

(d) To the extent mutually agreed, UNKRA will undertake relief and rehabilitation projects in the Republic of Korea during phase I. The machinery for agreement on such projects shall be the Joint Committees;

(e) Except as otherwise agreed, all technical assistance and advice to the Government of the Republic of Korea will be furnished, during phase I, through the United Nations Command;

(f) To such extent as may be mutually agreed, UNKRA will recruit and employ civilian technical experts and other civilian staff for service with UNKRA and such personnel will then be under the operational control of the Commander-in-Chief, United Nations Command;

(g) UNKRA will maintain staff at all levels of command for liaison and planning purposes, as well as an independent programming staff.

190. The Memorandum of Understanding with the United Nations Command was duly discussed by the Agent General with UNCURK, which formally approved the action.

191. The joint machinery provided for in the Memorandum of Understanding and the Supplementary Agreement was established in Pusan and Tokyo in January 1952, and in Washington in April 1952. Since these dates, the Committees have met regularly and have provided a useful forum for the exchange of information and of views. Their functioning has improved with experience and with better staffing on both sides, and they are now developing into effective instruments. This evolution has, however, taken some time.

192. The difficulties experienced with the Joint Committees, and which it is hoped will now be overcome, have been both procedural and substantive. Procedural difficulties inevitably arise in any effort to integrate the activities of an international civilian organization with those of a military organization. Normal methods of operation on both sides appear unnecessarily cumbersome to the other party. A military organization is bound by operating regulations which are difficult to adapt to joint efforts. On the other hand, the responsibility of the Agent General to the General Assembly, as represented between sessions by the Advisory Committee, frequently makes delay for consultation inevitable even when the military representatives on the Joint Committees are prepared to approve immediate action. There also have been understandable differences of view between the Advisory Committee and the United Nations Command as to appropriate projects for UNKRA to undertake, which have had to be reconciled by the Agent General. All these factors have made it difficult to act with the speed necessary to take advantage of changing developments in the military situation or in logistic requirements.

193. The substantive difficulties, which the Agent General believes have now been resolved, arose in large part from the fact that the work of the Joint Committees, as it developed, tended to deal with isolated projects and with only the UNKRA sector of an over-all programme. Their work did not, therefore, result in the framing of a broad and integrated joint programme.

194. The organizational pattern was further developed, on 24 May 1952, by the creation of a Combined Economic Board in Korea, composed of one representative of the Government of the Republic of Korea and one of the United Nations Command. This Board, established as a result of a formal agreement between the Government of the Republic of Korea and the Unified Command, has broad powers of control over the Government budget and the utilization of foreign exchange. Its major objective, which is strongly supported by the Agent General, is to check the inflation which has reached dangerous limits in Korea. In this connexion, the Board proposes to scrutinize closely all expenditures of won for reconstruction and other purposes. While it is too soon to know how the Board will operate and the Agent General is currently engaged in working out ways of co-operation, it provides one further piece of machinery which must be fitted into the rehabilitation picture.

Work of the Advisory Committee

195. In the circumstances prevailing so far, it has been difficult to work constructively with the Government of

the Republic of Korea or to present to the Advisory Committee a coherent programme. The Committee, established by General Assembly resolution 410 (V) to advise the Agent General with regard to major financial, procurement, distribution and other economic problems pertaining to planning and operations, has held seventeen sittings with the Agent General, ten in New York, three in Geneva and four in Paris. In addition to general counsel, the Advisory Committee has adopted the Financial Regulations of the Agency, reviewed the staff rules, adopted a number of interim plans of expenditure as the situation has changed, reviewed the accounts¹⁵ and approved a score of projects for implementation.

196. The Advisory Committee to the Agent General has also approved important guiding policies in respect to so-called "counterpart" funds, procurement, and relations with non-governmental organizations. These are set forth, in detail, in annexes IV, V and VI to the present report.

197. While programme difficulties have been numerous, administrative and staffing questions have also posed many problems. The uncertainties of the military situation, of the character of the UNKRA programme, and of the timing of the assumption of full responsibility, have presented a series of organizational and staffing problems. Even the "grace period" of 180 days from the cessation of hostilities to the assumption of full responsibility does not relieve the Agent General of the necessity to be ready to operate quickly. The supply pipeline to Korea is a long one and items can scarcely arrive there in less than three or four months from the day of procurement. On many items, the lead time required is even longer. To prevent any break in the flow of relief supplies the Agency must, therefore, be in a position to undertake large-scale procurement of such items immediately hostilities have ceased. This is but one example. Full operational plans must also be developed and kept up-to-date as the situation changes.

198. At the same time, the Agent General has been most anxious not to expand staff beyond that urgently required, both in order to conserve the resources of the Agency and to minimize the serious staff morale problems which arise when an organization is in a stand-by position. Solution of this problem has been facilitated by the agreement with the United Nations Command under which UNKRA has recruited and seconded to that Command a substantial number of operational personnel. By this means, UNKRA staff have been put in the field and integrated into relief and rehabilitation operations in advance of the period of UNKRA responsibility.

199. The organizational pattern of the Agency has naturally been related to the existing conditions. Thus an operational headquarters has been established in Pusan to work closely with UNCACK and the Korean Government, an administrative headquarters has been established at the seat of the United Nations in New York, and small staffs have been established for liaison purposes with the various *échelons* of military command in Tokyo and Washington. These offices also perform procurement functions. A European recruiting office has been established at the European Office of the United Nations in Geneva.

¹⁵ See paragraphs 207 and 208 below.

200. The Office in Geneva is serviced on the administrative side entirely by the United Nations. In turn, the Tokyo office of UNKRA provides common services for other United Nations units in Korea. In New York, the handling of services has been determined in each instance after studying the problems involved in a particular area and analysing costs. The general principle has been to utilize existing United Nations services to the maximum extent, supplementing them only when there was a special problem or when existing services were inadequately staffed to take on the additional load. The Secretary-General and the Secretariat of the United Nations have co-operated fully with the Agent General in every respect.

201. A factor in determining the organizational pattern of the Agency has been the severe limitation of accommodations for staff in Korea. In view of widespread destruction, the consequent over-crowding of existing buildings has made it necessary for UNKRA to build staff accommodation as it goes. In these circumstances, the Agent General has followed a policy of locating staff in Korea only when their functions cannot be performed elsewhere.

202. The New York headquarters provides liaison with the delegations of Member States and with the Secretariat of the United Nations, services the Advisory Committee, exercises the functions of the Agent General in respect to the United Nations emergency programme, assures liaison with non-governmental organizations and voluntary agencies interested in Korean relief, and provides the administrative services in support of the operational staff in Korea. The broad division of responsibility between the New York and Korea offices is that between the operational and administrative phases of the Agency's activities. Accordingly, personnel recruitment, budget and management, finance and travel functions are presently centred in New York.

203. Administrative staff are needed in advance of operational personnel. Staff are required to carry out finance, travel and recruitment activities and to get operational personnel into the field. Consequently, UNKRA is currently more fully staffed on the administrative than on the operational side and is now so organized as to be able to move rapidly to build up operational services when they are required.

204. Recruitment of personnel, either for direct UNKRA assignment in Korea, or for secondment to UNCACK, is difficult. This has been especially true in the case of high-level professional and technical personnel. There is intense competition for the services of such experts from their own governments, from private organizations and from the United Nations itself for the programmes of technical assistance. Moreover, living conditions in Korea are in many cases hard and the inability of staff members to take their wives or families with them has proved a difficult barrier.

205. Nevertheless, by 15 September 1952, UNKRA had a total staff of 306, of which 118 has been seconded to UNCACK for work in the civil assistance programme. These were divided among the several offices as follows:

Korea	187
Tokyo	16
New York	81
Washington	13
Geneva	9

206. The nationality breakdown of this staff is indicated in annex XII to the present report.

Financial regulations and statements

207. General Assembly resolution 410 (V) provides for the establishment of Financial Regulations by the Agent General, in consultation with the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions, and in agreement with the UNKRA Advisory Committee. Provisional financial regulations, drawn up in accordance with the resolution, were approved by the UNKRA Advisory Committee on 21 May 1951. On 1 April 1952, after final consultation with the Advisory Committee on Administrative and Budgetary Questions, the provisional regulations became the permanent Financial Regulations of UNKRA.

208. Annual financial statements are prepared by the Agent General in accordance with Article XI of the Financial Regulations. These statements are subject to audit by the United Nations Board of Auditors, who in turn prepare a report for submission to the UNKRA Advisory Committee, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly. Financial statements for the period from the commencement of operations (1 December 1950) to 30 June 1951, and the report of the Board of Auditors for the same period were submitted to the General Assembly at its sixth session.¹⁶ Financial reports for the year ending 30 June 1952, have also been submitted to the Board of Auditors and certified without qualification.¹⁷

Staff rules

209. Provisional staff rules for UNKRA were prepared by the Agent General and submitted to the Secretary-General in accordance with the relevant provisions of General Assembly resolution 410 (V). They were approved by the Secretary-General and came into force on 3 September 1951, retroactive to 1 May 1951. In general, the staff rules of UNKRA follow closely those of the United Nations Secretariat, but have been modified, as the operations of UNKRA have dictated, to take into account the temporary existence of the Agency and the need to provide special arrangements for personnel in Korea.

Relations with specialized agencies

210. The Security Council, by a resolution of 31 July 1950, requested the specialized agencies to provide such assistance for Korean relief as the Unified Command might request. In response to appeals made pursuant to resolutions of the Security Council, the General Assembly and the Economic and Social Council, these groups have made substantial contributions to the work of the emergency programme and of UNKRA in Korea. The major attention of the United Nations, UNKRA and the specialized agencies is now concentrated on formulating, together with representatives of the Government of the Republic of Korea and the United Nations Command, a comprehensive reconstruction programme to assist the Republic of Korea towards achieving a viable economy.

211. At the request of the Agent General, specialized agency teams from UNESCO, FAO and WHO, now in

¹⁶ A/1961, *Official Records of the General Assembly, Sixth Session, Supplement No. 6C.*

¹⁷ A/2205, *Ibid., Seventh Session, Supplement No. 6C.*

Korea, will (1) make general recommendations on the scope of a programme in each of their respective fields with estimates of outlay in relation to total funds available; and (2) develop specific lists of projects to be carried out as part of the programme, with time schedules, priorities and cost estimates of each project. These recommendations on the various sectors of the economy will in turn be incorporated as feasible into a single over-all programme. In addition to the aid given by the specialized agencies, the United Nations Secretariat and, in particular, the Technical Assistance Administration have been helpful in supplying personnel and technical services to the Agency. It is the policy of the Agent General to undertake to bring to bear upon Korean problems, all the resources of the United Nations and its specialized agencies.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

212. UNESCO indicated its willingness to assist in the educational reconstruction of Korea shortly after the beginning of hostilities in June 1950. Its Executive Board, in August 1950, set aside \$100,000 to meet any urgent requests for assistance that might be received from the Unified Command. Shortly after the activation of UNKRA, the Agent General requested UNESCO to designate an educational adviser to UNKRA who would work with the Minister of Education in surveying the educational needs of the Republic and drawing up a programme to restore necessary educational services.

213. The most urgent immediate requirements, other than those being met by the United Nations Command, were for school textbooks. UNKRA therefore agreed to provide the paper necessary for printing elementary texts and the UNESCO contribution of \$100,000 was utilized for the purchase of printing machinery to permit the manufacture of the books. As a direct result of these joint efforts, the Ministry of Education has been enabled to print about 7,500,000 textbooks.

214. UNESCO also provided assistance for Korean scholars by making books available and by donating educational supplies for Korean children. The purchase of these supplies was financed by a gift from the Belgian Committee of the United Nations Appeal for Children. In addition, discussions have been held with UNESCO to assess the suitability of its Gift Coupon Programme for obtaining educational assistance for Korea from voluntary sources. This plan would furnish voluntary educational organizations with a practical outlet for their interest in supporting Korean reconstruction by raising funds for the purchase of books and periodicals, and for the financing of grants to selected Korean educators and specialists to study abroad.

215. UNESCO continues to participate actively in the development of programmes for educational rehabilitation. An international team of educators recruited by UNESCO is currently in Korea. This mission is led by an eminent college educator and includes experts in technical and vocational education and in adult and primary education. It is making a survey of the educational needs of Korea to determine the extent of international assistance required to re-establish and develop the school and adult training systems.

FOOD AND AGRICULTURE ORGANIZATION

216. FAO has also made significant contributions to the UNKRA programme by the secondment of agricultural experts. At the present time an FAO team of eleven experts is in Korea under UNKRA auspices, engaged in a comprehensive study of the current status of Korea's agriculture. At the conclusion of its work it will recommend to the Agent General necessary measures of agricultural rehabilitation and technical assistance.

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

217. UNICEF has maintained a continuous flow of supplies to the United Nations Command for the needs of Korean children. In addition, allocations of substantial funds have been made by the Executive Board of UNICEF. As an early step after the outbreak of hostilities, the Fund undertook to provide the Unified Command with relief supplies, including powdered milk, blankets, soap, medical supplies and cotton cloth, in compliance with the intent of the Security Council resolution of 31 July 1950. This activity on behalf of the emergency programme has resulted in supplies to the value of \$1,497,506 having been contributed by the Fund. UNICEF paid for the shipment of a large quantity of contributed cod liver oil.

INTERNATIONAL REFUGEE ORGANIZATION

218. IRO responded to appeals from the Secretary-General for assistance to the Unified Command in the emergency programme by contributions valued at \$191,177. These included medical supplies, cloth, clothing, sewing machines, kitchen equipment, tools and miscellaneous small items. In response to requests for personnel, the services of a total of twenty-two persons have been supplied. Before it went into liquidation, IRO also made a substantial contribution in staff services to the Agent General during the time he served in the dual capacities of Agent General of UNKRA and Director-General of IRO.

WORLD HEALTH ORGANIZATION

219. From the outbreak of hostilities, WHO has responded both to requests under the emergency programme and to appeals by UNKRA for assistance in supplying personnel for medical programmes. As a result, the services of twenty medical team personnel and three public health advisers were made available. To aid in formulating a balanced health programme for incorporation in an over-all Korean reconstruction programme, WHO also dispatched, at the request of the Agent General, a three-man planning mission. Led by an outstanding expert, this mission is currently in the field in Korea and has nearly completed its preliminary survey of health conditions. Detailed surveys in specialized fields such as hospital planning and nurse training are to be made at a later date.

INTERNATIONAL LABOUR ORGANISATION

220. In response to the Secretary-General's appeal for personnel for the emergency programme, ILO sent two labour experts to Korea to work on employment and labour problems. The Agent General subsequently discussed the question of ILO participation in an expanded programme with the Director-General of ILO. The latter generously offered to make experts available later at an appropriately agreed-upon stage of operations.

Relations with non-governmental organizations and voluntary agencies

221. Simultaneously with the request made to the specialized agencies under Security Council and General Assembly resolutions, appeals for assistance were also made to non-governmental organizations and voluntary agencies. Economic and Social Council resolution 323 B (XI) specifically authorized the Secretary-General to invite appropriate non-governmental organizations to help in the relief of the civilian population in Korea and requested him to make suitable administrative arrangements in this connexion.

222. These appeals resulted in a large number of offers of aid from both national and international organizations in the United States of America, Canada, New Zealand, Norway and other countries. By 15 September 1952, contributions in kind, consisting mainly of food, used clothing and medical supplies, have been received to a total value of \$15,033,659. A statement of contributions by non-governmental organizations and voluntary agencies is included in annex III to the present report.

223. Non-governmental organizations and voluntary agencies have also made available the services of specialized personnel. By an arrangement with the League of Red Cross Societies, medical teams were supplied by the American, British, Canadian, Danish and Norwegian Red Cross Societies. Welfare and medical staff have also been supplied by the Mennonite Central Committee and the Australian Save the Children Fund. Under the agreement of 1 January 1952, the Agent General, in accord with the Secretary-General and the United Command, assumed a major part of the responsibility for civilian personnel recruitment for Korea. Accordingly, provision was made to transfer personnel from non-governmental organizations and voluntary agencies already in Korea to UNKRA, preparatory to seconding them to the United Nations Command.¹⁸ On 15 September 1952, there were twenty-eight such personnel employed in Korea under the direction of the United Nations Command.

224. In view of the military exigencies of the Korean situation, the Unified Command has until recently been

unable to permit non-governmental organizations to control the use and distribution in Korea of their contributed supplies. Consequently, practically all relief or aid supplies contributed by non-governmental organizations have been channelled to the Unified Command for distribution to the civilian population through the United Nations Command. In June 1952, the policy governing activities of non-governmental organizations was modified by the Unified Command to permit the shipment of supplies and equipment essential to those organizations' facilities, such as orphanages, hospitals and schools, via commercial carriers at their own expense up to 500 long tons monthly. The Agent General, with the approval of the Advisory Committee, is providing financial assistance to non-governmental organizations and voluntary agencies in connexion with these shipments. Arrangements have already been made to ship to Korea, on behalf of the Unitarian Service Committee of Canada, 200,000 pounds of whole powdered, sweetened milk for distribution under the Committee's school-feeding programme. This establishment of direct contacts between voluntary societies and the people of Korea is considered to be an important factor in maintaining support and interest of these groups in the relief and rehabilitation of Korea and in strengthening Korean voluntary agencies. Statements of Unified Command and UNKRA policy in this connexion are included in annex VI.

225. UNKRA, with the concurrence of the Unified Command, has been able to offer, since 1 July 1952, accommodations for short-term visits of non-governmental organization and voluntary agency representatives to Korea for the purpose of obtaining information essential to the planning of their programmes. As of 15 September 1952, five agencies have sent personnel to Korea under this arrangement.

226. An example of effective joint action by a voluntary agency and UNKRA is provided by a project aimed at improving the quality of Korean poultry and livestock. Under this scheme, the Heifer Project Committee, an inter-denominational voluntary agency, donated 210,000 hatching eggs of superior strain, 300 swine and ninety-five goats to UNKRA for use by Korean breeders and Government agricultural experiment stations. UNKRA received these gifts at various assembly points in the United States, and shipped them to Korea by air.

¹⁸ All but two persons have now been transferred.

Chapter VI

CURRENT PROGRAMMES OF RELIEF AND REHABILITATION

227. The magnitude and types of assistance given to the Republic of Korea by the United Nations have necessarily been conditioned by the continuance of military operations and the requirements of military support. Moreover, the programme of UNKRA has been further conditioned by the nature of the assistance programmes of the United Nations Command. From the beginning, the Agent General has undertaken to avoid duplication of effort or confusion of responsibility among the various agencies in the field. During phase I, the task of UNKRA has been conceived as complementary and supplementary to the basic relief and short-term aid programmes of the United Nations Command. Thus, in

agreement with that Command, UNKRA has initiated and carried out a number of relatively minor projects in the past nine months. More recently, however, the United Nations Command, the Government of the Republic of Korea and the Agent General have agreed upon the outlines of a substantial UNKRA rehabilitation programme to be carried out during the remainder of the current financial year. Agreement has further been reached on the development of a single, integrated United Nations—Republic of Korea Government programme for the following financial year. The resources originally pledged to UNKRA for a programme of slightly more than a year's duration will, in combination

with those available to the United Nations Command, be spread out over a period of slightly more than two years.

228. The civilian relief and economic aid programmes of the United Nations Command have been and will continue to be on a larger scale and more costly than those of UNKRA. The total estimated cost of these programmes to date is in excess of \$300 million, of which more than \$280 million have been appropriated by the Congress of the United States of America. Contributions from other governments, non-governmental organizations and voluntary agencies have added to the programmes which have, from their inception, run at a rate well in excess of \$100 million a year.

229. The assistance programmes of the United Nations Command have covered a wide range and it is difficult to characterize them with precision. In general, however, their emphasis has been upon relief and short-term rehabilitation as a direct adjunct to the support of military operations. The importation of relief supplies, including foodstuffs, medical and sanitary supplies, clothing, shoes and textiles, soap, and similar items, has accounted for nearly one-fourth of the expenditures. Another large item has been the importation of fertilizers and of solid fuels and petroleum products. Only a very small fraction has been devoted to industrial repair equipment or building materials. It has been agreed, therefore, that during phase I, UNKRA would place major emphasis upon industrial rehabilitation, the rehabilitation of education and the establishment of vocational training programmes, and that it would act only in a limited way to supplement the United Nations Command programmes of relief and sustaining imports.

230. A major contribution has been made by UNCACK in the prevention and control of communicable disease in a difficult situation. Health services have been partially restored and supplemented. An emergency programme involving the immunization of practically the whole population of the Republic of Korea has been carried through. Emergency hospital facilities have been established and maintained. Sanitary facilities have been improved and waterworks partially restored. The results have been a remarkably low incidence of such communicable diseases as smallpox, cholera, typhus, typhoid and diphtheria, and the successful prevention of epidemics.

231. In the rehabilitation of physical plant and facilities in Korea, the United Nations Command has naturally concentrated on those areas most directly related to the logistical requirements of military operations. Thus mainline railways and bridges have been repaired, highways built, certain docks and harbours restored. In most cases, repairs have been of a minimal nature designed to meet immediate emergencies. Nevertheless, they have constituted an important contribution to restoration of the economy.

232. To date, the programme of UNKRA has been small. Conditions which will now permit a large-scale rehabilitation effort on the part of the Agency have but recently developed. Major attention has therefore been devoted in the past to the development of longer-range plans. Nevertheless, a small number of projects have been completed or are already far advanced in their implementation. These include, in the area of food production, the importation of hatching eggs and farm animals, of seed for an experimental seed improvement programme, and of substantial quantities of fishing nets.

In the field of education, projects include the importation of paper for school books, the restoration of university and technical libraries, the provision of manuals for a literacy programme, and the provision of supplies and equipment for a college secretarial course.

233. A much larger number of projects are currently being developed. These include the repair of 2,200 school classrooms, about one-fourth of the repairs necessary to restore minimum school conditions in Korea, repair and replacement of some 500 miles of electrical transmission and distribution lines, rehabilitation of three electric generating stations, establishment of a minerals assay laboratory, a mine school, a merchant marine school, and provision of mobile clinics to improve medical care in outlying districts and to serve as training units for Korean medical personnel. The clinics will also be used to disseminate health, hygiene and sanitation information.

234. These specific projects have been developed on an *ad hoc* basis through the Joint Committees and after consultation with the Government of the Republic of Korea. Despite the difficult military and supply situation which has existed, the Agent General has undertaken, to make UNKRA assistance available wherever and whenever conditions permitted. The result has necessarily been a collection of specific projects rather than a well-rounded programme.

235. There is now full agreement among the Commander-in-Chief, United Nations Command, the Government of the Republic of Korea, and the Agent General that the time has come when UNKRA can carry out a larger and better rounded programme of rehabilitation, integrated with the civil assistance programme of the United Nations Command. In the remainder of the present financial year, therefore, a much more substantial programme will be possible.

236. This programme, which has not at this writing been reviewed by the Advisory Committee, envisages a total expenditure by UNKRA of approximately \$70 million during the current financial year, which runs from 1 July 1952 to 30 June 1953. Of this amount, \$14 million has been programmed for relief and sustaining imports, in addition to amounts already programmed by the United Nations Command. The principal items of relief and sustaining imports will be \$5 million for additional foodstuffs, \$3 million for additional fertilizers and \$2 million for saw logs.

237. An additional \$6,900,000 has been programmed for projects aimed at increasing the output of Korean farms, fisheries and forests. These include agricultural research and extension work, irrigation and land reclamation projects, provision of farm implements, and various projects in fisheries, the livestock and veterinary field, rural resettlement and reforestation.

238. Industrial rehabilitation will involve an expenditure of some \$11,500,000. It will include the provision of coal briquetting equipment for the rehabilitation of that industry, of a flat glass plant to produce glass for reconstruction purposes, of a cement plant, a farm tool plant, a wire plant and a paper plant. Included also are projects for the restoration of the textile industry and of miscellaneous small industries.

239. Some \$7 million has been programmed for initial steps in the restoration of power producing and distributing facilities, and approximately the same amount

for the rehabilitation of transport and communications. A total of \$8 million will be devoted to educational reconstruction, including vocational training, of \$3 million to housing construction, and of \$2,500,000 to various projects in connexion with health, sanitation and public welfare.

240. The Agent General believes that this is a well-balanced programme, particularly when taken in con-

junction with that of the United Nations Command. He further believes that its execution will make a substantial contribution to the rehabilitation of the Korean economy. However, it can be considered only as a first step in this direction and a much larger programme is envisaged for the following fiscal year. For the period 1 July 1953 to 30 June 1954, it is estimated that the total UNKRA programme will increase to approximately \$15 million monthly.

ANNEXES

ANNEX I

Resolution 410 (V) adopted by the General Assembly on 1 December 1950

(For the text of resolution 410 (V) see *Official Records of the General Assembly, Fifth Session, Supplement No. 20, page 31*)

ANNEX II

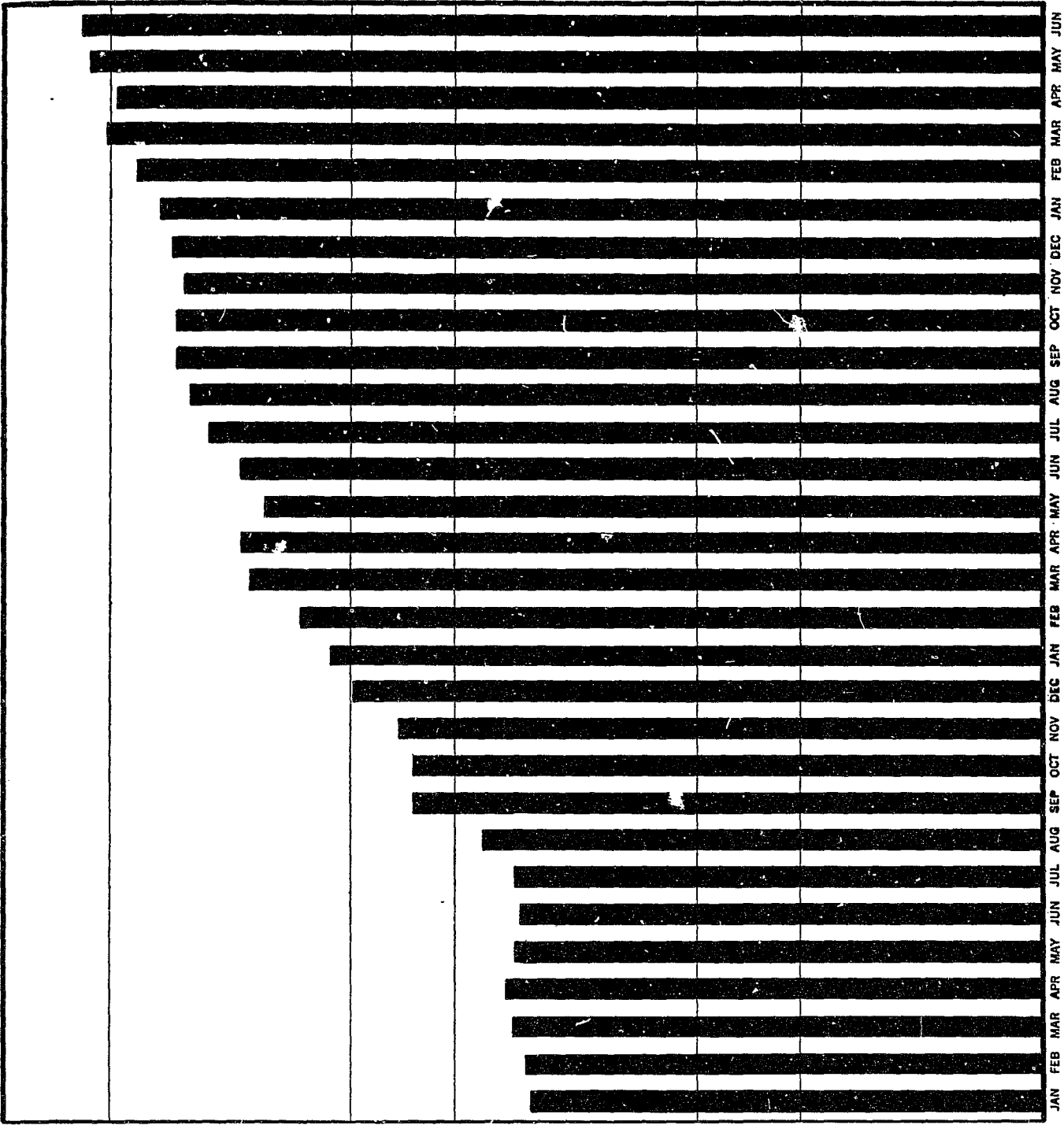
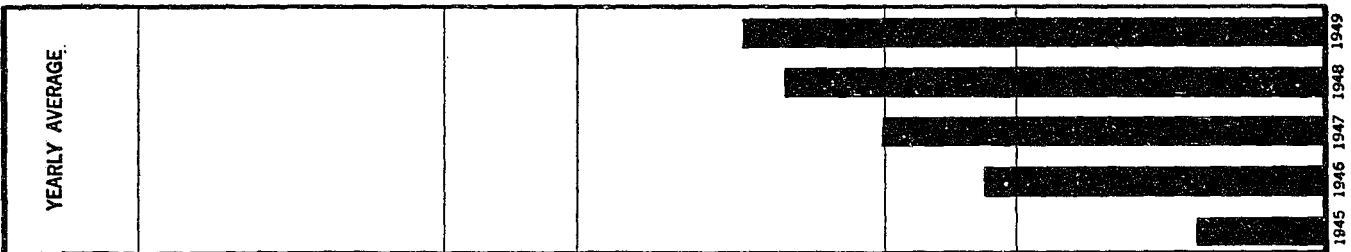
A. Republic of Korea—Index of retail prices in Pusan—All commodities

Year	Index (yearly average)	Period	Index		
			1950	1951	1952
1945 ^a	19 5	January.....	301 7	1 118 1	3 482 8
1946.....	59 2	February.....	307 2	1 398 8	4 150 7
1947.....	100 0	March.....	340 7	1 934 0	4 861 9
1948.....	168 4	April.....	348 1	2 014 6	4 776 3
1949.....	206 8	May.....	331 8	1 745 7	5 710 1
		June.....	319 3	2 062 0	5 947 1
		July.....	334 6	2 553 7	
		August.....	413 0	2 911 3	
		September.....	659 4	3 113 6	
		October.....	656 0	3 173 1	
		November.....	720 1	2 997 4	
		December.....	953 2	3 210 6	

^a December 1945.

Source: Bank of Korea Monthly Statistical Review.

INDEX
NUMBER
10,000



Source: Bank of Korea Monthly Statistical Review.

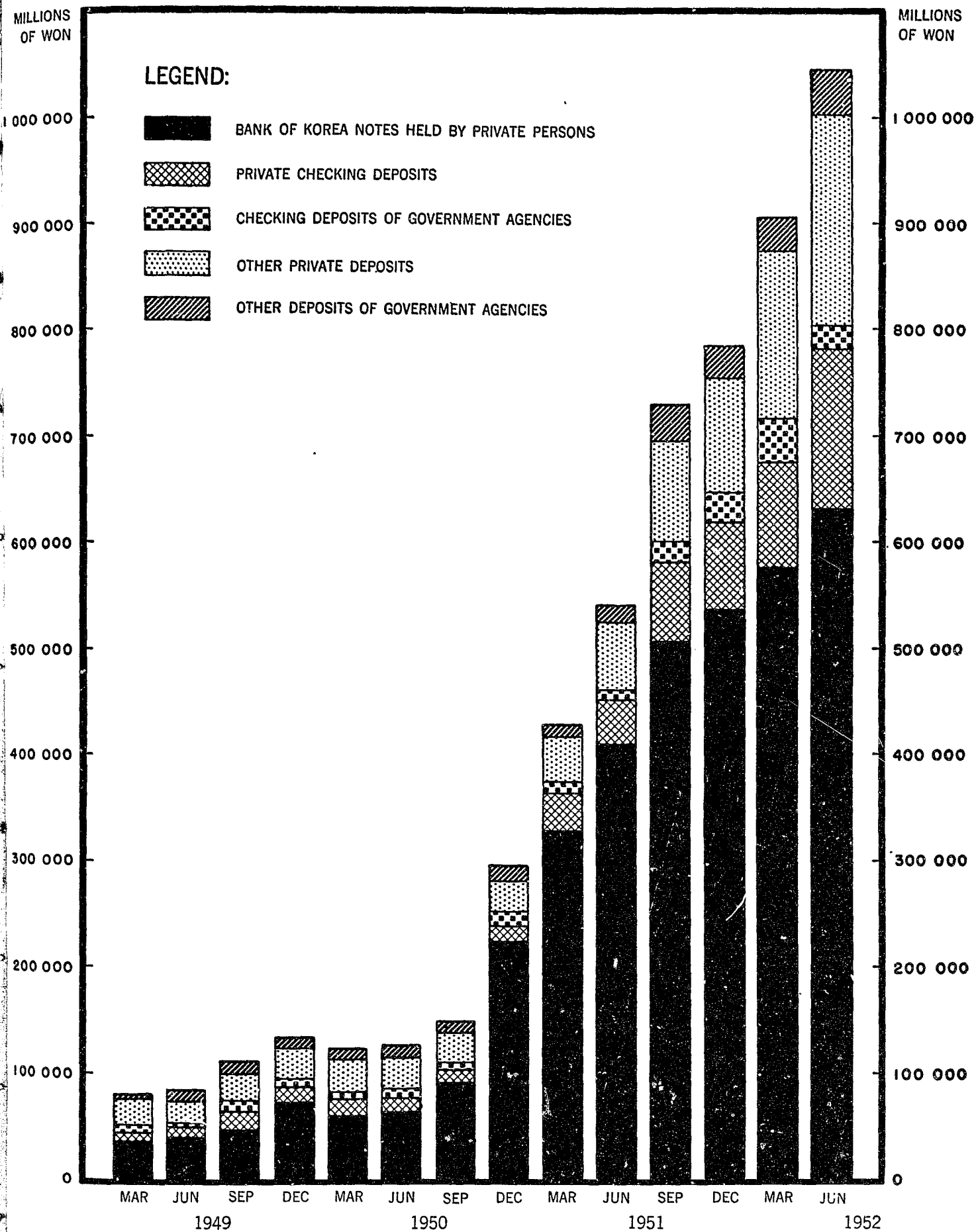
ANNEX II

B. Republic of Korea—Money supply

(In million won)

<i>End of period</i>	<i>Bank of Korea notes held by private persons</i> 1	<i>Private checking deposits</i> 2	<i>Checking deposits of government agencies</i> 3	<i>Other private deposits</i> 4	<i>Other deposits of government agencies</i> 5	<i>Money supply Definition I Columns 1+2+3</i> 6	<i>Money supply Definition II Columns 4+5+6</i> 7
1949							
March.....	34 914	9 354	8 011	24 065	1 382	52 279	77 726
June.....	38 573	10 141	4 956	19 639	8 527	53 670	81 836
September.....	45 143	16 897	11 914	25 284	9 506	73 954	108 744
December.....	70 674	15 139	8 064	28 149	8 591	93 877	130 617
1950							
March.....	59 253	15 762	5 225	31 112	7 991	80 240	119 343
June.....	62 331	14 977	7 788	28 756	8 388	85 096	122 240
September.....	87 220	13 605	8 873	27 209	9 463	109 698	146 371
December.....	224 935	14 469	14 813	28 876	9 469	254 217	292 562
1951							
March.....	328 088	35 480	12 189	43 821	7 442	375 757	427 020
June.....	408 417	42 675	9 700	64 272	14 517	460 792	539 581
September.....	505 048	76 041	19 010	93 367	31 564	600 099	725 300
December.....	537 337	84 173	27 791	107 930	27 006	649 301	784 237
1952							
March.....	576 004	98 098	42 509	155 934	31 966	716 611	904 511
June.....	632 235	150 029	21 540	199 947	42 050	803 804	1 045 801

Source: Bank of Korea Monthly Statistical Review.



Source: Bank of Korea Monthly Statistical Review.

ANNEX II

C. Republic of Korea—Major factors contributing to decreases and increases in the money supply

(In million won)

End of period	Money supply	Advances to Government by Bank of Korea less government deposits in Bank of Korea (government overdraft)	Proceeds from sale of aid supplies	Bank of Korea advances to United Nations forces less United Nations deposits in Bank of Korea (United Nations overdraft)	Loans by all banks except Bank of Korea	Loans by Bank of Korea		All other causes
						Private	Government agencies	
1949								
March.....	77 726	40 694	10 107	—	33 107	1 956	1 568	10 528
June.....	81 836	49 642	16 594	—	35 633	2 604	2 653	7 898
September.....	108 744	69 245	31 165	—	47 309	3 090	5 496	14 769
December.....	130 617	83 110	44 176	—	49 709	3 841	24 786	13 347
1950								
March.....	119 343	42 721	20 950	—	51 086	4 410	26 360	15 716
June.....	122 240	83 869	63 239	—	63 700	2 280	21 370	14 260
September.....	146 370	104 813	64 295	6 199	66 600	2 549	22 058	8 446
December.....	292 562	202 466	53 893	54 766	73 100	3 302	11 111	1 710
1951								
March.....	427 020	280 495	71 041	101 217	81 026	6 282	7 085	21 956
June.....	539 581	277 328	93 616	198 186	99 132	9 265	8 957	40 329
September.....	634 942	241 291	118 856	302 771	144 122	15 947	9 381	40 286
December.....	784 237	202 023 ^a	197 911	417 096 ^a	224 793	34 595	55 501	48 140
1952								
March.....	904 511	183 313 ^a	234 721	531 776 ^a	247 121	31 549	46 480	98 992
June.....	1 045 801	83 858 ^a	237 253	649 505 ^a	340 841	20 548	45 340	142 962

Source: Bank of Korea Monthly Statistical Review.

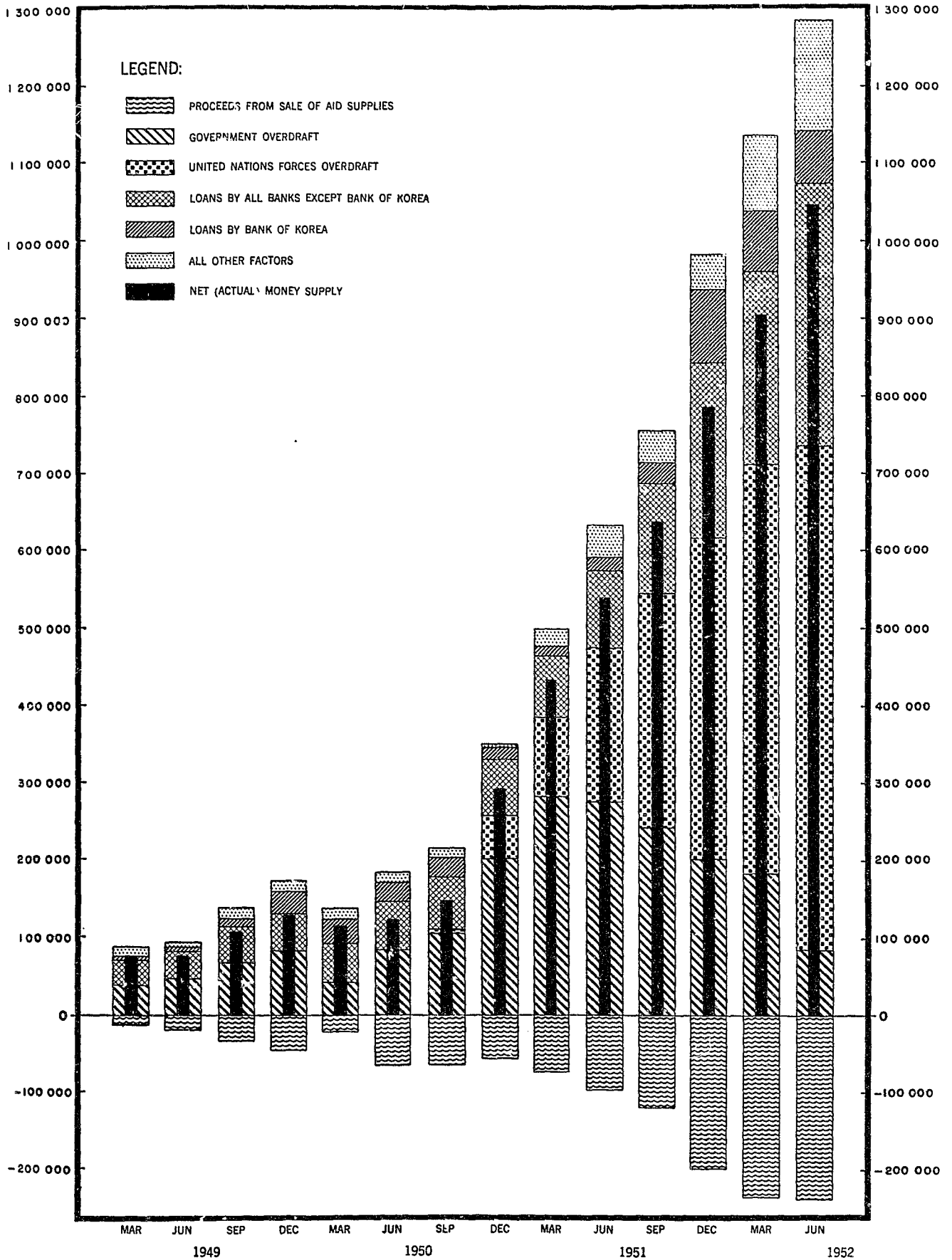
^a A repayment in US dollars equivalent to 63 052 million won was received by the Government and deposited in its foreign currency account on 15 October 1951 but no settlement for this amount has yet been made between the Bank of Korea and the

Government. Therefore, the government overdraft is understated and the United Nations overdraft overstated by this amount in the figures above. The summary statement in paragraph 83 of the report has, however, been corrected to reflect this repayment.

Republic of Korea—Major factors contributing to decreases and increases in the money supply

MILLIONS OF WON

MILLIONS OF WON



Source: Bank of Korea Monthly Statistical Review.

D. Republic of Korea—Statement of condition

(In millions of won)

End of period	Government overdraft	Aid supply overdraft	Advances to United Nations Forces	Other loans	Gold and silver bullion
1951					
March.....	318 592	37 696	113 589	46 775	2 313
June.....	326 093	33 423	211 524	62 663	2 314
September.....	324 746	32 972	321 679	77 178	2 318
December.....	297 474	116 961	426 499	194 792	2 411
1952					
March.....	293 198	92 017	537 026	181 513	2 411
June.....	348 915	94 757	650 748	253 678	2 690

LIAE TTI

End of period	Bank note issue	Treasury deposits	Proceeds from sale of aid goods	Government deposits in foreign currency	Counterpart fund	Other deposits
1951						
March.....	338 088	38 097	20 265	56 613	88 472	43 460
June.....	417 417	48 765	25 830	59 263	101 209	44 555
September.....	465 260	83 455	41 829	54 377	110 000	61 234
December.....	557 927	95 451	98 610	178 855	216 262	89 020
1952						
March.....	600 032	109 885	106 421	123 947	220 317	81 496
June.....	669 540	265 057	56 573	34 685	275 437	107 119

Source: Bank of Korea Monthly Statistical Review.

ANNEX I

E. Republic of Korea—Statement of condition

(In millions of won)

AS TS

End of period	Cash and checks		Deposits with domestic banks	Securities		Bills discounted			Loans				
	Total	Checks and bills		Total	National bonds	Total	Bank acceptances	Commercial bills	Documentary bills	Total	Loans on bills	Loans on deeds	Overdrafts
1951													
March.....	14 088	-	7 949	3 640	1 888	337	6	325	6	71 395	53 238	14 196	3 969
June.....	19 531	-	17 263	4 029	2 277	332	6	320	6	85 957	64 873	16 461	4 624
September.....	37 038	-	25 151	5 728	3 976	326	6	315	6	115 083	88 086	24 348	2 648
December.....	44 785	-	18 644	7 934	5 642	317	6	306	5	192 360	152 784	33 179	6 557
1952													
March.....	65 469	49 905	43 986	8 850	7 098	305	6	296	3	224 483	184 347	32 638	7 451

LIAE TTI

End of period	Deposits						Borrowed money			Domestic exchange settlement creditors	Acceptance and guarantee
	Total	Current deposits	Special current deposits	Deposits at notice	Time deposits	Other deposits	Total	Due to the Bank of Korea	Other		
1951											
March.....	79 259	37 389	22 417	6 745	2 970	9 737	25 756	25 728	28	2 668	-
June.....	110 981	47 416	31 082	10 882	5 215	16 386	27 725	27 697	28	4 695	124
September.....	161 894	65 607	45 040	17 359	6 897	26 991	32 815	32 786	28	8 295	34
December.....	211 729	101 746	46 790	20 052	9 131	34 009	70 715	70 686	28	7 743	119
1952											
March.....	281 918	127 489	71 553	20 077	15 642	47 157	81 189	81 161	28	9 302	4 987

* Excluding the Bank of Korea and trust account of the Trust Bank.

Source: Bank of Korea Monthly Statistical Review.

E: I

Financial condition of the Bank of Korea

(in million won)

National bonds	Open account Bank of Japan	Foreign exchange account	Acceptance and guarantee counter account	Other assets	Total assets
3 436	547	22 470	—	21 923	614 262
6 236	—	46 588	15 277	31 311	753 717
4 692	—	56 737	23 681	33 056	888 325
2 299	—	116 618	66 227	50 391	1 388 508
878	—	140 031	93 990	46 041	1 454 343
878	—	172 839	144 189	28 650	1 712 402

LIABILITIES

Open account Bank of Japan	Foreign exchange account	Export and import guarantee	Acceptance and guarantee account	Other liabilities	Capital and reserves	Total liabilities
—	616	2 165	—	24 686	1 800	614 262
6 013	222	8 688	15 277	24 633	1 845	753 717
10 491	185	8 950	23 681	27 018	1 845	888 325
28 154	806	42 464	66 227	12 886	1 845	1 388 508
23 608	502	70 598	93 990	21 702	1 845	1 454 343
22 646	255	120 358	144 189	14 880	1 862	1 712 402

Financial condition of all Banks^a (excluding Bank of Korea)

(in million won)

ASSETS

Domestic exchange settlement debtors	Inter-branch account	Movables and immovables			Suspense payments	War damage recovery account	Other assets	Losses brought forward	Current net losses	Total
		Total	Premises including equipment	Bank-owned real estate						
80	5 754	505	399	106	1 470	4 012	890	—	1 477	111 607
223	8 949	564	435	129	3 223	4 132	966	1 477	1 256	147 902
247	14 364	1 559	1 306	252	2 528	4 436	2 735	1 477	819	211 488
1 146	13 538	1 865	1 569	295	4 583	4 476	6 628	2 270	1 090	299 094
755	18 056	3 548	2 981	567	3 226	4 444	13 342	2 270	—	388 733

LIABILITIES

Inter-branch account	Borrowed from counterpart fund	Bond issue	Suspense receipts	Other liabilities	Capital Stock		Reserves				Surpluses brought forward	Current net profits	Total
					Paid-up	Authorized	Total	Legal	Special	Other			
189	—	1 096	388	—	76	111	96	50	22	24	—	—	111 607
—	2 157	1 096	588	364	76	111	96	50	22	24	—	—	147 902
799	3 991	1 096	1 553	812	76	111	96	50	22	24	—	26	211 488
1 572	4 932	1 096	634	383	76	111	96	50	22	24	—	—	299 094
613	5 932	1 096	1 444	1 672	76	111	96	50	22	24	—	416	388 733

A. Relief and Rehabilitation, Korea—Statement of

(In U.S. dollars)

	<i>Under General Assembly resolution 410 (V) of 1 December 1950</i>			
	<i>Amount offered</i>	<i>Received in cash</i>	<i>Offered in kind and made available to Unified Command</i>	<i>Balance outstanding</i>
<i>Member States</i>				
Argentina.....	500 000	—	500 000	—
Australia.....	4 002 710	—	—	4 002 710
Belgium.....	—	—	—	—
Brazil.....	—	—	—	—
Burma.....	49 934	—	49 934	—
Canada.....	6 904 762	6 904 762	—	—
Chile.....	250 000	—	—	250 000
China.....	—	—	—	—
Cuba.....	—	—	—	—
Denmark.....	860 000	—	—	860 000
Dominican Republic.....	10 000	—	—	10 000
Ecuador.....	—	—	—	—
Egypt.....	28 716	—	—	28 716
El Salvador.....	500	—	—	500
Ethiopia.....	40 000	40 000	—	—
France.....	—	—	—	—
Greece.....	—	—	—	—
Guatemala.....	—	—	—	—
Honduras.....	2 500	2 500	—	—
Iceland.....	—	—	—	—
India.....	—	—	—	—
Indonesia.....	100 000	100 000	—	—
Israel.....	33 600	—	33 600	—
Lebanon.....	50 000	50 000	—	—
Liberia.....	15 000	—	15 000	—
Luxembourg.....	20 000	20 000	—	—
Mexico.....	—	—	—	—
Netherlands.....	263 158	263 158	—	—
New Zealand.....	—	—	—	—
Nicaragua.....	—	—	—	—
Norway.....	829 000	—	—	829 000
Pakistan.....	—	—	—	—
Panama.....	3 000	—	—	3 000
Paraguay.....	10 000	10 000	—	—
Peru.....	—	—	—	—
Philippines.....	—	—	—	—
Saudi Arabia.....	20 000	20 000	—	—
Sweden.....	966 518	—	—	966 518
Syria.....	11 408	—	—	11 408
Thailand.....	—	—	—	—
Turkey.....	—	—	—	—
United Kingdom of Great Britain and Northern Ireland.....	28 000 000	700 000	—	27 300 000
United States of America.....	162 500 000	10 000 000	—	152 500 000
Uruguay.....	—	—	—	—
Venezuela.....	70 000*	—	—	70 000
TOTAL.....	205 540 806	18 110 420	598 534	186 831 952³⁴
<i>Non-member States</i>				
Austria.....	40 000	—	—	40 000
Cambodia.....	—	—	—	—
Vietnam.....	10 000	10 000	—	—
TOTAL.....	50 000	10 000	—	40 000
GRAND TOTAL.....	205 590 806	18 120 420	598 534	186 871 952³⁴

Government offers and contributions as at 15 September 1952

(in thousands of dollars)

Under Security Council resolutions pertaining to the Emergency Programme			Total offered, received and promised under both programmes	Remarks
Received in kind	Promised	Total received and promised		
—	—	—	500 000	—
412 326	—	412 326	4 415 036	Contributions to emergency programme deducted from amount pledged to UNKRA
60 000	—	60 000	60 000	
—	2 702 703	2 702 703	2 702 703	
—	—	—	49 934	
—	—	—	6 904 762	Converted from Canadian \$7 250 000 at rate ruling on date of receipt, 31 March 1951—Can. \$1 05—US \$1 00
—	—	—	250 000	An offer of nitrates from the Government of Chile is pending further legislation
634 782	—	634 782	634 782	
270 962	—	270 962	270 962	
238 011	—	238 011	1 098 011	
—	—	—	10 000	
99 441	—	99 441	99 441	
—	—	—	28 716	
—	—	—	500	
—	—	—	40 000	Expended by WHO on behalf of UNKRA on medical supplies for Unified Command
74 286	—	74 286	74 286	
153 219	—	153 219	153 219	
—	—	—	—	"Several thousand tons of timber"—offered but not yet valued
—	—	—	2 500	
45 400	—	45 400	45 400	
171 080	—	171 080	171 080	
—	—	—	100 000	
63 000	—	63 000	96 600	
—	—	—	50 000	Offered to emergency programme but made available to UNKRA
10 000	—	10 000	25 000	
—	—	—	20 000	
346 821	—	346 821	346 821	Supplies to value of \$462,428 were shipped to Korea of which \$115,607 was intended as contribution to Palestine relief. This will be subject to adjustment between emergency programme and UNRWAPRNE
—	—	—	263 158	
279 597	—	279 597	279 597	Tentative value only
—	—	—	—	Offer of supplies declined by Unified Command unless made available at US port
71 000*	—	71 000	900 000	Contributions to emergency programme deducted from amount pledged to UNKRA. *Tentative value only
378 285	—	378 285	378 285	
—	—	—	3 000	
—	—	—	10 000	Offered to emergency programme but made available to UNKRA
58 723	—	58 723	58 723	
2 330 653	—	2 330 653	2 330 653	Tentative value only
—	—	—	20 000	
48 326	—	48 326	1 014 844	
—	—	—	11 408	Offer not yet formally confirmed
4 368 000	—	4 368 000	4 368 000	
—	—	—	—	An offer of medical supplies was declined by Unified Command owing to difficulty of shipment
404 522*	928 586	1 333 108	29 333 108	*Tentative value only
3 728 212	—	253 728 212	416 228 212	Total contribution to emergency relief through Unified Command from 25 June 1950 to 31 August 1952
250 780	2 000 000	2 250 780	2 250 780	
80 842	—	80 842	150 842	*An offer of goods from Venezuelan Government has been conditionally accepted by Unified Command
<u>52 54 578 268</u>	<u>5 631 289</u>	<u>270 209 557</u>	<u>475 750 363</u>	
—	—	—	40 000	An offer of medical supplies from the Austrian Government has been accepted by Unified Command
2 429	—	2 429	2 429	
—	—	—	10 000	
2 429	—	2 429	52 429	
<u>52 580 697</u>	<u>5 631 289</u>	<u>270 211 986</u>	<u>475 802 792</u>	

B. Emergency relief programme, Korea: Summary of assistance as at 15 September 1952

PART A. MEMBER AND NON-MEMBER STATES

(1) Offers made direct to emergency programme

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
Australia.....	28 November 1950	Penicillin crystalline	67 344		Arrived in Korean theatre
	14 December 1950	Distilled water	31 836		Arrived in Korean theatre
		Laundry soap, 116 000 lbs.	8 029		Arrived in Korean theatre
	8 January 1951	Procaine penicillin	108 547		Arrived in Korean theatre
	31 January 1951	Barley, 2 000 long tons	196 570	412 326	Arrived in Korean theatre
Belgium.....	7 November 1950	Sugar, 400 metric tons	60 000	60 000	Arrived in Korean theatre
Brazil.....	22 September 1950	Cruzeiros, 50 million	2 702 703	2 702 703	Pending legislation
Cambodia.....	11 May 1951	Salted fish, 1 400 kgs.	389		Arrived in Korean theatre
	14 June 1951	Rice, 5.2 metric tons	583		Arrived in Korean theatre
	25 February 1952	Rice, 100 sacks	1 457	2 429	Under shipment
China.....	4 October 1950	Coal, 9 900 metric tons Rice, 1 000 metric tons Salt, 3 000 metric tons DDT, 20 metric tons	613 630		Shipped direct to Korea by Government of China
	17 July 1951	Medical supplies	21 152	634 782	Stored in Japan
Cuba.....	2 October 1950	Sugar, 2 000 metric tons Alcohol, 10 000 gallons	270 962	270 962	Arrived in Korean theatre
Denmark.....	5 July 1950	Medical supplies	142 964		Arrived in Korean theatre
	26 September 1950	Sugar, 500 metric tons	95 047	238 011	Arrived in Korean theatre
Ecuador.....	13 October 1950	Rice, 500 metric tons	99 441	99 441	Arrived in Korean theatre
France.....	9 October 1950	Medical supplies	74 286	74 286	Arrived in Korean theatre
	29 December 1950	Medical supplies	74 286		Arrived in Korean theatre
Greece.....	20 October 1950	Soap, 113 metric tons	31 167		Arrived in Korean theatre
	30 November 1950	Notebooks and pencils, 25 000 each	1 333		Arrived in Korean theatre
	27 December 1950	Medical supplies	84 586		Arrived in Korean theatre
	15 April 1952	Salt, 10 000 tons	36 133	153 219	Accepted by Unified Command
Iceland.....	14 September 1950	Cod liver oil, 125 metric tons	45 400	45 400	Arrived in Korean theatre
India.....	4 October 1950	Jute bags, 400 000	167 696		Arrived in Korean theatre
	11 October 1950	Medical supplies	3 384	171 080	Arrived in Korean theatre
Israel.....	22 August 1950	Medical supplies	63 000	63 000	Arrived in Korean theatre
Liberia.....	17 July 1950	Natural rubber	10 000	10 000	Arrived in Korean theatre
Mexico ^a	30 September 1950	Pulses and rice Medical supplies	346 821	346 821	Arrived in Korean theatre
New Zealand.....	6 October 1950	Dried peas, 492 long tons	55 318		Arrived in Korean theatre
	20 November 1950	Milk powder, 150 metric tons	66 378 ^b		Arrived in Korean theatre
		Soap, 200 metric tons	49 644 ^b		Arrived in Korean theatre
	14 March 1951	Vitamin capsules	38 532 ^b		Arrived in Korean theatre
	26 May 1952	Soap and vitamin capsules	69 725 ^b	279 597	Accepted by Unified Command
Nicaragua.....	16 November 1950	Rice, 1 000 quintals			Declined unless can be made
	16 December 1950	Rice, 2 000 quintals Alcohol, 5 000 quarts	-		available at United States port
Norway.....	13 February 1951	Soap, 120 250 lbs. Vitamins, 24 850 bottles Ether	21 091 10 210 39 699 ^b	71 000	Arrived in Korean theatre Arrived in Korean theatre Under shipment
Pakistan.....	29 August 1950	Wheat, 5 000 metric tons	378 285	378 285	Arrived in Korean theatre
Peru.....	21 November 1950	Clothing, cotton wool and cloth	58 723	58 723	Under shipment
Philippines.....	7 July 1950	Soap, 50 000 cakes	5 500		Under shipment
	7 September 1950	Vaccine	50 050		Arrived in Korean theatre
	8 September 1950	Rice, 10 000 metric tons	2 255 628		8 285 tons arrived in Korean theatre, balance awaiting shipment. Tentative value only
	8 September 1950	Fresh blood, 518 units	19 475		Arrived in Korean theatre
	29 November 1950	Fresh blood, 500 units	-	2 330 653	Declined
		<i>Carried forward</i>		8 402 718	

^a Supplies to the value of \$462 428 were shipped by the Mexican Government to Korea, of which \$115 607 was intended as a contribution to Palestine relief. This will be subject to adjustment between the Emergency Programme and UNRWAPRNE.

^b Tentative value only.

ANNEX III. B (continued)

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total (\$ US equivalent)	Status
			<i>Brought forward</i>	8 402 718	
Sweden	14 May 1952	Medical supplies	48 326	48 326	Under shipment
Thailand	20 September 1950	Rice, 40 000 metric tons	4 368 000	4 368 000	Arrived in Korean theatre
Turkey	29 August 1950	Vaccines and serums	-	-	Declined owing to difficulties of transportation
United Kingdom of Great Britain and Northern Ireland	19 October 1950 20 October 1950 22 December 1950 19 June 1951	Salt, 6 000 long tons Sulfa drugs Food yeast, 50 long tons Supplies to the value of £400 000 including:	139 150 48 791 25 167 1 120 000		Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Supplies to be made available at request of Unified Command
		Charcoal, 24 000 piculs Salt, 8 200 long tons Food yeast, 75 tons Cotton sheeting		1 333 108	Under shipment Arrived in Korean theatre Accepted by Unified Command Acceptance pending
United States of America	Official valuation received on 10 October 1952	Total contribution to emergency relief from 25 June 1950 to 31 August 1952		253 728 212	This total includes: \$214 966 395 for goods supplied or in process of supply from US Army plus transportation costs of \$31 270 488; US borne transportation for sundry donations \$1 966 483; ECA relief assistance (exclusive of approximately \$32 million non-relief ECA economic assistance) \$5 524 846
Uruguay	14 September 1950 28 October 1950	2 million dollars (US) Blankets, 70 000	2 000 000 250 780	2 250 780	Pending legislation Arrived in Korean theatre
Venezuela	14 September 1950	Medical supplies and foodstuffs	80 842	80 842	
			TOTAL	270 211 986	

(2) Offers made to the Negotiating Committee on Contributions to Programmes of Relief and Rehabilitation but made available by UNKRA to the emergency programme

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total (\$ US equivalent)	Status
Argentina	8 August 1951	Corned meats, 13 950 cases	500 000	500 000	Arrived in Korean theatre
Burma	1 February 1951	Rice, 400 metric tons	49 934	49 934	Arrived in Korean theatre
Israel	19 February 1951	Citrus products	33 600	33 600	Arrived in Korean theatre
Liberia	23 February 1951	Natural rubber	15 000	15 000	Arrived in Korean theatre
			TOTAL	598 534	

(3) Cash contributions offered to the emergency programme but credited to UNKRA

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total (\$ US equivalent)	Status
Ethiopia	5 August 1950	£14 286 sterling		40 000	Transferred by UNKRA to World Health Organization and expended on medical supplies for Unified Command
Lebanon	26 July 1950	\$ US 50 000		50 000	
Paraguay	3 November 1950	\$ US 10 000		10 000	
			TOTAL	100 000	
		<i>Summary of totals</i>		\$	
		Section (1)		270 211 986	
		Section (2)		598 534	
		Section (3)		100 000	

GRAND TOTAL (PART A) 270 910 520

ANNEX III. B (continued)

PART B. NON-GOVERNMENTAL ORGANIZATIONS (BY COUNTRY)

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
Australia					
Save the Children Fund.	25 June 1951	Services of 3 medical and welfare personnel			1 doctor now working in Korea with UNCAK
Canada					
United Church of Canada	19 April 1951	Used clothing and shoes, 24 000 lbs.	24 000		Arrived in Korean theatre
	14 November 1951	Used clothing, 30 000 lbs.	30 000		Arrived in Korean theatre
	4 February 1952	Used clothing, 30 000 lbs.	30 000		Arrived in Korean theatre
	7 May 1952	Used clothing, 40 000 lbs.	40 000		Accepted by Unified Command
	21 July 1952	Used clothing, 40 000 lbs.	40 000	164 000	Accepted by Unified Command
Colombia					
Commercial firms	3 March 1951	Clothing—amount not specified			
	19 March 1951	Clothing—amount not specified	500	500	Accepted by Unified Command
Japan					
Japan Canned and Bottled Food Association	27 April 1951	Preserved foods, 300 cases	3 000		Arrived in Korean theatre. Tentative value only
Japanese Catholic Organization AI RIN KAI	17 June 1952	Textiles and miscellaneous supplies	5 400	8 400	Stored Japan
New Zealand					
Council of Organizations for Relief Services Overseas	21 November 1950	Used clothing, 71 cases	11 377		Arrived in Korean theatre
	16 March 1951	Used clothing, 48 cases	19 392		Arrived in Korean theatre
	15 October 1951	Used footwear and clothing, 104 cases	44 069		Accepted by Unified Command
	23 April 1952	Used clothing, 15 cases	12 029		Accepted by Unified Command
	23 April 1952	Clothing and footwear, 3 cases, 10 bales	14 052		Accepted by Unified Command
	16 May 1952	Medical books, 12 cases	1 349		Accepted by UNKRA for medical library
	25 August 1952	Medical books (not yet valued)		102 268	Accepted by UNKRA for medical library
Norway					
Europahjelpen	29 December 1950	Clothing, 126 metric tons	277 780	277 780	Arrived in Korean theatre
United Kingdom					
YWCA, Hong Kong	29 March 1951	Clothing and cloth, 1 200 lbs.	1 200	1 200	Arrived in Korean theatre. Tentative value only
United States of America					
American Friends Service Committee	16 November 1950	Used clothing, 103 000 lbs. } Soap, 5 000 lbs.	104 000		Part arrived Korea, balance under shipment
	23 January 1951	Used clothing, 10 metric tons	20 000		Part arrived Korea, balance under shipment
	14 February 1951	Used clothing, 11 000 lbs.	10 000		Part arrived Korea, balance under shipment
	12 March 1951	Used clothing, 7 500 lbs.	7 500		Arrived in Korean theatre
	28 May 1951	Used clothing, 24 233 lbs.	24 233		Arrived in Korean theatre
	12 July 1951	Used clothing, 67 500 lbs.	67 500		Part arrived Korea, balance stored in Japan
	28 August 1951	Used clothing, 32 500 lbs.	32 500		Arrived in Korean theatre
	11 September 1951	Used clothing, 60 860 lbs. Soap, 3 700 lbs.	60 860 370	326 963	Arrived in Korean theatre Arrived in Korean theatre
		<i>Carried forward</i>		881 111	

ANNEX III. B (continued)

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
		<i>Brought forward</i>		881 111	
American Relief for Korea.....	13 June 1951	Used clothing and shoes, 500 000 lbs.	480 000		Arrived in Korean theatre
	24 October 1951	Used clothing and shoes, 3 868 403 lbs.	3 869 650		Arrived in Korean theatre
		Hospital supplies, 1 135 lbs.			
	3 March 1952	Powdered milk, 400 lbs Used clothing and shoes, 1 500 000 lbs.	1 225 000		Part arrived Korea, balance under shipment
	13 March 1952	Rice, 20 000 lbs.	2 000		Arrived in Korean theatre
	21 May 1952	Canned goods, 150 lbs. Children's supplies, 315 lbs.	30 315		Accepted by Unified Command Accepted by Unified Command
		Physician's samples, 177 lbs. (no commercial value)			Accepted by Unified Command
	18 August 1952	Used clothing and shoes, 1 500 000 lbs. Laundry and toilet soap, 12 000 lbs.	1 225 000 2 160	6 804 155	Accepted by Unified Command Accepted by Unified Command
Church World Service...	25 September 1950	Used clothing and miscel- laneous supplies	104 958		Arrived in Korean theatre
	6 November 1950	Vitamin tablets, 1 000 000	5 500		Arrived in Korean theatre
		Used clothing, 100 000 lbs.	100 000		Arrived in Korean theatre
	30 January 1951	Used clothing, 60 000 lbs.	60 000		Arrived in Korean theatre
	19 February 1951	Used clothing, 12 000 lbs.	12 000		Arrived in Korean theatre
	21 February 1951	Used clothing, 40 000 lbs.	40 000		Arrived in Korean theatre
	2 April 1951	Used clothing, 10 000 lbs.	10 000		Arrived in Korean theatre
	18 May 1951	Used clothing, 50 000 lbs.	50 000		Arrived in Korean theatre
	28 March 1952	Hospital supplies (includ- ing 1 000 000 vitamin tabs.), 6 720 lbs.	33 600		Arrived in Korean theatre
		Used clothing, 268 567 lbs.	268 567		Arrived in Korean theatre
		Food, 54 248 lbs.	14 595		Arrived in Korean theatre
		Soap, 2 433 lbs.	243	699 463	Arrived in Korean theatre
Committee for Free Asia.....	8 August 1951	Newsprint, 1 000 tons	150 000	150 000	Arrived in Korean theatre
Co-operative Agencies for Remittances to Europe, Inc. (CARE).	21 September 1950	Food and clothing packages	100 000		Arrived in Korean theatre
	20 November 1950	Blankets and textile packages	154 294		Arrived in Korean theatre
	10 April 1951	Food packages	100 000		Arrived in Korean theatre
	19 June 1951	Food packages	100 000		Arrived in Korean theatre
		Blanket packages	28 000		Arrived in Korean theatre
	25 July 1951	Food packages	110 000		Arrived in Korean theatre
	13 August 1951	Dress material, soap, food	1 565		Arrived in Korean theatre
	22 August 1951	Food packages	100 000		Arrived in Korean theatre
	19 October 1951	Knitting wool packages	25 000		Arrived in Korean theatre
	3 December 1951	Clothing and blanket packages	85 000		Arrived in Korean theatre
		Food packages	100 000		Arrived in Korean theatre
	9 January 1952	Soap packages	38 800		Arrived in Korean theatre
	21 January 1952	Blankets and underwear	80 000		Part arrived Korea, balance available Japan
	21 February 1952	Food packages	100 000		Arrived in Korean theatre
	10 March 1952	Food packages	230 000		Part delivered Korea, balance under shipment
	21 March 1952	Cotton packages	17 500		Under shipment
	25 April 1952	Food packages	140 000		Under shipment
	23 May 1952	Knitting packages	25 000		Under shipment
	14 July 1952	Food packages	100 000		Accepted by Unified Command
	31 July 1952	Cloth, 13 595 lbs.	10 000		Accepted by Unified Command
	19 August 1952	Food packages, 14 870 lbs.	74 350	1 719 509	Accepted by Unified Command
		<i>Carried forward</i>		10 254 238	

ANNEX III. B (continued)

Agency	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
		<i>Brought forward</i>		10 254 238	
Friendship Among Children and Youth Around the World Inc.....	26 February 1952	Relief parcels, clothing, shoes	8 700	8 700	Under shipment
General Conference of Seventh Day Adventists.....	11 April 1951	Used clothing, 19 000 lbs.	10 000	10 000	Arrived in Korean theatre
Heifer Project Committee.....	6 March 1952 19 June 1952	Hatching eggs, 250 000 Goats, 100 } Pigs, 300 }	17 500 25 000	42 500	Arrived in Korean theatre, offer originally made to UNKRA who in turn offered this donation to Unified Command
Lutheran World Relief..	23 February 1951 26 March 1951 26 April 1951 18 July 1951 15 April 1952 1 May 1952 19 June 1952	Used clothing, 44 500 lbs. Used clothing and soap, 12 851 lbs. Used clothing, 200 bales Used clothing, 290 bales Used clothing and bedding, 21 750 lbs. Used clothing, 60 000 lbs. Used clothing and bedding	44 500 12 851 25 287 29 000 21 750 60 000 14 031	207 469	Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Under shipment Under shipment Accepted by Unified Command
Manget Foundation....	26 September 1951	Used clothing, 101 bales	9 000	9 000	Arrived in Korean theatre
Mennonite Central Committee.....	October 1951	Services of 1 supply officer			Services made available for one year from October 1951
Oriental Missionary Society.....	19 February 1951	Used clothing, 102 883 lbs.	102 883	102 883	Arrived in Korean theatre
Presbyterian Church in the United States.....	10 September 1951	Medical supplies	950	950	Arrived in Korean theatre
Save the Children Federation.....	12 December 1950 16 February 1951 23 April 1951 9 July 1951 20 July 1951 10 October 1951 10 October 1951 22 October 1951 10 December 1951 21 January 1952 28 April 1952 28 April 1952 9 July 1952 4 August 1952	Used clothing, 4 913 lbs. Used clothing, 10 011 lbs. Used clothing, 13 512 lbs. Used clothing, 15 700 lbs. School equipment Used clothing, 15 136 lbs. School equipment and gift packages Used clothing, 4 826 lbs. Used clothing, 9 867 lbs. Gift packages and tents School equipment Used clothing, 10 257 lbs. Tents and poles Layettes	5 033 10 087 13 610 15 395 1 200 15 115 7 500 4 826 9 867 2 900 5 000 10 326 360 900	102 119	Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Part arrived Korean theatre, part under shipment Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Under shipment Under shipment Accepted by Unified Command Accepted by Unified Command
War Relief Services.....	17 October 1950	Used clothing, soap, medicinal supplies	290 749		Arrived in Korean theatre
National Catholic Welfare Conference.....	27 October 1950 17 November 1950 29 November 1950 7 December 1950 7 December 1950 6 February 1951 26 March 1951 30 August 1951 22 October 1951 6 December 1951 27 December 1951 15 February 1952 12 March 1952	Services of medical team Clothing, shoes, soap Used clothing, 1 000 000 lbs. Used clothing, 1 000 000 lbs. Used clothing, 70 000 lbs. Medicinals Used clothing, 20 000 lbs. Dried milk, 1 000 000 lbs. Dried eggs, 100 000 lbs. Used clothing, 10 000 lbs. Used clothing, 950 000 lbs. Used clothing, 400 000 lbs. Used clothing, 115 000 lbs. Used clothing, 12 000 lbs. Baby foods, 31 844 lbs.	99 739 1 000 000 1 000 000 70 000 2 600 20 000 125 000 40 000 10 000 950 000 400 000 115 000 12 000 8 250	4 143 338	Declined Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Arrived in Korean theatre Under shipment Part delivered Korean theatre, balance under shipment Under shipment
		<i>Carried forward</i>		14 881 197	

ANNEX III B (continued)

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
		Brought forward		14 881 197	
<i>Miscellaneous United States sources</i>					
Anonymous donors	-	Used clothing, 130 802 lbs.	130 802		Arrived in Korean theatre
	-	Chaplain's supplies	3 360		Arrived in Korean theatre
	-	Canned milk and food	250		Arrived in Korean theatre
	-	Law books, 1 set	600		Arrived in Korean theatre
Mrs. J. M. Lee, Chicago .	-	Used clothing, 1 120 lbs.	1 120		Arrived in Korean theatre
Korean Consul General, San Francisco	-	Used clothing, 756 lbs.	750		Arrived in Korean theatre
School Children of San Francisco	-	Rice, 800 lbs.	80		Arrived in Korean theatre
USA Naval Hospital, Bethesda	-	Medical books, 2 cases	500		Arrived in Korean theatre
US 3rd Army	-	Baby clothes and used clothing	10 857		Arrived in Korean theatre
USAF 19 Bombardment Wing	-	Used clothing, 200 lbs.	120		Arrived in Korean theatre
Special Service Officer, US Army in Pacific . . .	-	Used clothing, 16 boxes	1 120		Arrived in Korean theatre
Sharp and Dohme, Phil- adelphia	-	"Captivate" 600 bottles	1 000		Arrived in Korean theatre
Cash donations	-		1 903	152 462	
TOTAL NON-GOVERNMENTAL ORGANIZATIONS AND MISCELLANEOUS				15 033 659	

PART C. SPECIALIZED AGENCIES

Agency	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status	
International Labour Office	29 November 1950	Services of 2 labour advisers			Services made available by ILO until 1 January 1952	
International Refugee Organization	3 August 1950	Clothing, cloth, thread, kitchen equipment, sewing machines	179 000		Arrived in Korean theatre	
	8 August 1950	Medical supplies: 2 metric tons	12 177		Arrived in Korean theatre	
	19 August 1950	Services of 5 medical team personnel	}		191 177	Services made available by IRO until 1 January 1952
		Services of 4 medical team personnel				
Services of 5 supply officers						
United Nations Educa- tional, Scientific and Cultural Organization .	31 January 1951	\$100,000 for purchase of educational supplies	100 000	100 000	Made available to Unified Command	
United Nations Interna- tional Children's Emer- gency Fund	27 September 1950	Blankets, 312 020 Powdered milk, 330 000 lbs.	535 006		Arrived in Korean theatre	
	28 September 1950	Soap, 100 000 lbs.	10 054		Arrived in Korean theatre	
		Medical supplies	7 167		Arrived in Korean theatre	
	26 January 1951	Clothing	1 964		Arrived in Korean theatre	
	1 February 1951	Clothing	200 000		Arrived in Korean theatre	
			Freight charges on cod liver oil donated by Iceland	199 586		Arrived in Korean theatre
	24 July 1951	Cotton cloth, 2 400 000 yds.	3 729	540 000	Arrived in Korean theatre	
				1 497 506		
				Carried forward	1 788 683	

ANNEX III C (continued)

Agency	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
		<i>Brought forward</i>		1 788 683	
World Health Organization.....	8 August 1950	Services of 10 medical team personnel			Services made available by WHO until 1 January 1952
	4 September 1950	Services of 3 public health advisors			
	22 November 1950	Services of 10 medical team personnel			
		TOTAL		1 788 683	

PART D. LEAGUE OF RED CROSS SOCIETIES

Country	Date of offer	Details of offer	Value (\$ US equivalent)	Total	Status
League of Red Cross Societies, Geneva.....	11 November 1950	Services of 9 medical teams each of 3 persons			5 teams made available by Red Cross until 1 January 1952
		Tents, blankets, medical supplies, clothing			Supplied direct to the Korean Red Cross
	7 May 1952	Reconditioned clothing, knitting wool	2 016	2 016	Arrived in Korean theatre
American Junior Red Cross.....	8 June 1951	Educational gift boxes	100 000		Arrived in Korean theatre
	27 July 1951	School chests	7 600		Arrived in Korean theatre
	2 August 1951	Children's clothing	150 000		Arrived in Korean theatre
	5 September 1951	Educational gift boxes	100 000		Part delivered in Korean theatre, balance under shipment
	7 May 1952	Duplicating machines	2 700		Arrived in Korean theatre
	1 July 1952	School chests and educational gift boxes	210 000	570 300	Accepted by Unified Command
American Red Cross Society.....	2 August 1951	Layettes and blankets	46 000	46 000	Arrived in Korean theatre
Australian Red Cross Society.....	31 July 1951	Medical supplies	970		Arrived in Korean theatre
	2 August 1951	Used clothing	6 100		Arrived in Korean theatre
	11 March 1952	Used clothing	2 000		Arrived in Korean theatre
	7 May 1952	Used clothing	6 720		Arrived in Korean theatre
	7 May 1952	Used clothing	2 000	17 790	Arrived in Korean theatre
British Red Cross Society	31 July 1951	Woollen clothing	8 400	8 400	Arrived in Korean theatre
Canadian Red Cross Society.....	7 May 1952	Knitting wool	2 240	2 240	Under shipment
Costa Rican Red Cross Society.....	3 March 1951	Used clothing	1 761	1 761	Arrived in Korean theatre
Greek Red Cross Society.	13 June 1951	Dried fruits	686	686	Arrived in Korean theatre
Indian Red Cross Society	13 June 1951	Mepacrine tablets	6 090		Arrived in Korean theatre
	15 August 1951	Medical supplies	2 100	8 190	Part arrived in Korean theatre, balance stored in Japan
Iranian Red Lion and Sun Society.....	31 July 1951	Blankets and clothing	3 900	3 900	Arrived in Korean theatre
Japan Red Cross Society.	19 June 1951	Medical supplies, clothing and food	36 000		Part delivered Korean theatre, balance stored in Japan
	22 January 1952	Medical supplies	25 000	61 000	Stored in Japan
New Zealand Red Cross Society.....	7 May 1952	Knitting wool and needles	194	194	Arrived in Korean theatre
Norwegian Red Cross Society.....	31 July 1951	Hospital supplies	5 640	5 640	Arrived in Korean theatre
Swedish Red Cross Society	2 August 1951	Used clothing	90 000		Arrived in Korean theatre
	28 February 1952	Used clothing	82 512	172 512	Arrived in Korean theatre
Turkish Red Crescent....	10 January 1951	Knitting wool and needles	898	898	Arrived in Korean theatre
		TOTAL		901 527	

Summary

Total part A—Member and Non-Member States.....	\$ 270 910 520
Total part B—Non-governmental organizations.....	15 033 659
Total part C—Specialized agencies.....	1 788 683
Total part D—League of Red Cross Societies.....	901 527

TOTAL 288 634 389

ANNEX IV

UNKRA policy in respect to "counterpart" deposits

The question of UNKRA's policy concerning "counterpart" deposits was left somewhat open under the provision of General Assembly resolution 410 (V). The pertinent section reads as follows: "The local currency proceeds from the sale of relief and rehabilitation supplies or, at the discretion of the Agent General, an amount commensurate with the value of goods and services supplied, shall be paid into an account under the control of the Agent General." The problem is essentially one of determining those categories of goods and services delivered to Korea by UNKRA for which deposits in won of commensurate value shall be required.

The problems involved in this matter have been thoroughly explored by the Agent General and the subject has been discussed with representatives of the Government of the Republic of Korea, the United Nations Command and the Advisory Committee. As a result, the following policy has been formulated:

(a) UNKRA importations which are designed for welfare or social service purposes (for example, relief goods, educational supplies, hospital equipment) and which are in the narrow sense uneconomic will normally be considered as grants-in-aid and be furnished free of charge.

(b) With the exceptions in (a) above, UNKRA importations will normally be sold. Sales prices will be determined jointly by UNKRA and the Government of the Republic of Korea and sales will normally be made to or through the appropriate agency of the Government. Proceeds of sales will be deposited in an UNKRA special

account in the Bank of Korea. The withdrawal, sterilization or other use of funds deposited in this account will be governed by an agreement to be negotiated between UNKRA and the Government of the Republic of Korea and will be subject to any applicable terms of the Memorandum of Understanding between the United Nations Command and UNKRA.

(c) In order to minimize the inflationary effects of UNKRA's programme, and to the extent consistent with its over-all mission of relief and rehabilitation, UNKRA's policy will be:

(1) To achieve that volume of sales which may be consistent with the need for free distribution of relief goods;

(2) To make sales at current market prices;

(3) To endeavour to secure the agreement of the Government of the Republic of Korea that sales will be for cash, rather than credit;

(4) To embark, as quickly as the military circumstances permit, upon a programme of importing and selling for cash a sufficient volume of goods to produce won in the UNKRA special account in an amount which

(i) will meet UNKRA's local currency requirements for personnel, administrative and establishment costs and

(ii) will meet a portion of UNKRA's local currency requirements for project costs.

The machinery for over-all co-ordination of this policy is being developed with the United Nations Command.

ANNEX V

Policy of the Agency in respect of procurement procedures

Procurement by UNKRA to date has covered a wide variety of items but has not involved major sums of money. A system of procurement has, however, been developed to cover present and future programme requirements. Accordingly, UNKRA procurement offices currently established in Tokyo and Washington carry out procurement as directed by the Agent General. If, in the future, Agency activities warrant, regional procurement offices will be opened in the United Kingdom, Australia and other areas. UNKRA headquarters in New York bears the responsibility, prior to assigning direct procurement functions to one or more procurement offices, of investigating world prices and availabilities with a view toward the most economical use of Agency funds.

In accordance with agreements made with the Unified Command, UNKRA projects in phase I must be submitted to and approved by the Joint Commissions. Upon notification of such action, procurement is authorized by the Agent General.

Purchases of materials for any UNKRA project are made by the procurement offices only upon receipt of advice that the project in question has been approved by the Agent General and that a budget allotment has been made for the project. Purchase requisitions are reviewed at UNKRA headquarters in New York; also,

fully documented applications from procurement offices for the commitment of funds within the amount allotted must be received at UNKRA headquarters prior to the placing of orders.

PURCHASING THROUGH GOVERNMENT CHANNELS

(a) *United States of America*

(1) The Agent General, through the good offices of the Secretary of State, has obtained an agreement with the United States Department of Defense, Department of Agriculture and General Services Administration under which procurement facilities have been made available to UNKRA in connexion with the furnishing or procurement of supplies, materials and services.

(2) Supplemental to this over-all agreement, an arrangement has been worked out with the Department of the Army in which the procedures by which the Army furnishes supplies to Korea on behalf of UNKRA are prescribed. Under the terms of this agreement, the Army has agreed to act as an agent for UNKRA to procure supplies and shipping within the continental United States and its territories and in any foreign country in which a Department of Defense procurement office is located. Implementation and funding arrangements are described in detail in the agreement. For the services

rendered by the Department of the Army, UNKRA is required to bear, in addition to purchase price, shipping costs, insurance and other handling charges, the administrative cost incurred by the Army on behalf of UNKRA. The Department of the Army is responsible for furnishing UNKRA with appropriate reports and financial statements on these operations.

(3) Similar supplemental agreements with the General Services Administration and the Department of Agriculture are still being negotiated to provide for use by UNKRA of the buying facilities of these agencies.

(b) *Canada*

An agreement with the Canadian Commercial Corporation, official purchasing and selling agent of the Canadian Government, has also been worked out between UNKRA and the Corporation. In the agreement, the Corporation undertakes on behalf of UNKRA to obtain quotations from Canadian suppliers for possible purchase of materials in Canada, and to act as UNKRA agent in charge of approximately one-half per cent of the value of each contract for procurement in Canada.

(c) *Japan*

United States governmental agencies such as General Services Administration and Department of Army facilities exist in Japan. When it appears that the Far East facilities of these organizations can be used with results superior to procurement through the Washington offices

of these agencies, UNKRA will use these facilities in Japan.

(d) *Other countries*

(1) As the UNKRA programme develops, it will be possible to assess the need for establishment of UNKRA procurement offices in the United Kingdom, Australia or other areas (it is expected that, as the need arises, such offices will be established and arrangements effected with the appropriate authorities to make use of officially recommended purchasing channels).

(2) Procurement in regions other than those in which offices are located will be effected, where possible, through military or other governmental procurement facilities, where such facilities exist, and by direct UNKRA contact with commercial consular officials of countries maintaining missions in localities where UNKRA offices exist.

Direct procurement by the Agency

Whenever it is inadvisable to use government facilities, UNKRA seeks competitive bids for direct procurement through UNKRA procurement offices. It is expected that the volume of such procurement will be minor in comparison with the volume of procurement through government agencies, UNKRA, however, reserves the right to procure directly whenever it appears that the best interests of the programme will be served by so doing.

ANNEX VI

A. Policy of the Agency in respect to formal relations or agreements with non-governmental agencies

I. Authority

General Assembly resolution 410 (V) of 1 December 1950 establishing the United Nations Korean Reconstruction Agency, recommends in paragraphs 9 (a) and 12, that the Agent General in carrying out his functions:

9. (a) "Make use at his discretion of facilities, services and personnel that may be available to him through existing national and international agencies and organizations both governmental and non-governmental."

12. "Requests the specialized agencies and non-governmental organizations to make available to the maximum extent possible, and subject to appropriate financial arrangements, such facilities, advice and services as the Agent General may request."

II. General policy

Paragraph 16, sub-paragraphs 7, 8 and 15 of the Statement of Policy accompanying resolution 410 (V) are pertinent to the operations of non-governmental agencies working in co-operation with UNKRA. They read as follows:

7. "The necessary measures shall be taken to ensure that distribution shall be so conducted that all classes of the population shall receive their equitable shares of essential commodities without discrimination as to race, creed, or political belief."

8. "Subject to adequate control, the distribution of supplies shall be carried out, as appropriate, through public and co-operative organizations, through non-profit-making voluntary organizations such as the Red Cross, and through normal channels of private trade. At the same time, measures shall be taken to ensure that the cost of distribution and the profit from the sale of supplies are kept to the minimum. Measures shall be taken to ensure that the special needs of refugees and other distressed groups of the population are met through appropriate public welfare programmes, and accordingly the sale of relief supplies will take place only in justifiable cases and under conditions agreed upon with the United Nations Commission for the Unification and Rehabilitation of Korea."

15. "All authorities in Korea and the Secretary-General shall use their best efforts to inform the people of Korea of the sources and purposes of the contributions of funds, supplies and services."

III. Administrative policy

A. In accordance with these recommendations, recognizing the important present and potential contributions of national and international voluntary agencies in the relief, rehabilitation and reconstruction of Korea, and desiring to utilize to the utmost their participation and assistance, UNKRA will provide for the participation in its operations of qualified voluntary agencies whose

objectives are in harmony with its aims and policies and who possess the competence and resources to discharge those objectives :

1. By seeking their co-operation in operations of mutual concern ;

2. By establishing formal relations or agreements to provide for and facilitate their assistance ;

3. By establishing agreements with them for their operation of specific projects on behalf of UNKRA ;

4. By offering to agencies working under agreements with UNKRA, in connexion with such of their programmes which fall within the UNKRA programme of operations, such facilities necessary to operations as UNKRA resources will permit. Within areas of field operation where normal civilian facilities do not exist, UNKRA will endeavour to provide, in so far as possible, the same facilities as are provided for UNKRA personnel.

5. By ensuring in UNKRA agreements, general relations or administrative arrangements with appropriate authorities of the United Nations or of the Government of the Republic of Korea, the recognition by such authorities of the role of voluntary agencies in UNKRA operations and of the status of such agencies and their personnel in relation to the UNKRA administration. So long as normal civilian facilities do not exist in Korea, UNKRA will request the Government of the Republic of Korea and the United Nations Unified Command to grant similar status and facilities to personnel of agencies working in agreement and co-ordination with UNKRA as are accorded to UNKRA personnel.

B. 1. In its formal relations with voluntary agencies and its administrative policy pertaining to their operations with UNKRA, UNKRA will recognize and endeavour to preserve the integrity of the agencies' own programmes and respect their objectives in field operations, provided they are in harmony with UNKRA policy and programmes. UNKRA will maintain appropriate establishments for liaison and operating relationships with voluntary agencies and will also stimulate and encourage the participation of their field organizations in co-operative planning activities with each other and with UNKRA.

2. The size and character of voluntary agency staffs necessary for operations, as provided for in agreements between UNKRA and voluntary agencies, will be given the same consideration as is given to the size and character of the staff required by UNKRA.

3. Arrangements will be made, where feasible, for the identification of voluntary agencies' personnel and supplies in a manner to be determined by UNKRA in consultation with the agency concerned.

4. Agreements or co-operative arrangements between voluntary agencies and United Nations specialized agencies which provide personnel or services to UNKRA will not substitute for direct agreements between UNKRA and voluntary agencies wishing to operate in Korea programmes which fall within the UNKRA programme of operations.

C. A formal relationship or agreement may be established with a voluntary agency when the following conditions are fulfilled, as determined by the Agent General :

1. That the voluntary agency shares the purpose of UNKRA and will observe the principles of the Charter of the United Nations.

2. That the voluntary agency is willing and equipped to offer supplementary or other assistance considered by UNKRA to be of practical value to UNKRA operations and within the scope of UNKRA concern.

3. That the voluntary agency's objectives in respect to its proposed services with UNKRA are in harmony with the policies of UNKRA and that its programme will be co-ordinated with the activities of UNKRA.

4. That the status and standards of performance of the voluntary agency are satisfactory for the purposes proposed.

5. That the voluntary agency's personnel have the competence and training to discharge the responsibilities assigned to them.

6. That the voluntary agency and its proposed operations are acceptable to the Republic of Korea and that (except in the case of international voluntary agencies of recognized international standing) the agency has obtained a satisfactory clearance from the appropriate government authorities of its own country.

7. That the voluntary agency agrees to operate in conformity with the UNKRA general policy or field regulations, and in conformity with the laws and regulations of the Republic of Korea and the United Nations Unified Command.

8. That the voluntary agency agrees also to submit such regular or special reports of its operations to UNKRA or to other authorities as may be required.

D. Agreements between UNKRA and voluntary agencies will in all cases be subject to the conditions of agreements between UNKRA and UNCURK, the United Nations Unified Command or the Government of the Republic of Korea.

E. When UNKRA enters into an agreement with a voluntary agency for the operation by the agency of a service or special project on behalf of UNKRA, all conditions for the establishment, maintenance and termination of that operation will be stipulated in the operating agreement.

F. An agreement between UNKRA and a voluntary agency for supplementary assistance in UNKRA field operations may be established by the following procedure :

1. The submission by the agency to the Agent General of its official proposals, together with such information, official clearance and undertakings as the Agent General shall require.

2. The notification to the agency by the Agent General that the agency's proposed operations are approved by UNKRA subject to conditions stipulated in the notification, and that the agency will receive the recognition, status and facilities which are accorded to other voluntary agencies operating with UNKRA. The voluntary agency shall be informed at the same time of the conditions of service and of the status and facilities currently accorded and of the manner in which the voluntary agencies will be informed of any changes in status, facilities or conditions of service.

3. Confirmation by the voluntary agency of its receipt and acceptance of the above notification and its stipulated conditions.

G. An agreement between UNKRA and a voluntary agency providing for supplementary assistance by the agency in an UNKRA field operation, must be imple-

mented by a field operating plan jointly agreed upon by the authorized representatives of the Agent General and of the voluntary agency. Within the terms of the general agreement authorized by the Agent General with a voluntary agency, field-operating plans will be formulated for initial operations of the voluntary agency and modified from time to time as the circumstances require, to reflect the approved current operations of the voluntary agency in the field. Field-operating plans are to be reported immediately to the Agent General.

H. 1. Within the terms of this document, the Agent General will establish or authorize all agreements, formal relationships and other forms of co-operation with voluntary agencies and will stipulate from time to time the conditions subject to which agreements or formal relations with voluntary agencies may be established, maintained or terminated, and the conditions subject to which special facilities will be provided by UNKRA or requested by UNKRA from other authorities.

2. Each voluntary agency will be informed by UNKRA of these conditions and of the status and facili-

B. Statement of 18 June 1952 by the Unified Command regarding modification of policy governing distribution of aid supplies donated by non-governmental organizations and voluntary agencies

The Acting Representative of the United States of America to the United Nations presents his compliments to the Agent General of the United Nations Korean Reconstruction Agency and has the honour to refer to the "Procedures for Co-ordination in the Handling of Assistance to the Republic of Korea", agreed to by the Unified Command and the Secretary-General of the United Nations on 29 September 1950, and to inform the Agent General that in response to requests of various voluntary relief organizations the Unified Command has modified its policy governing distribution of aid supplies donated by voluntary agencies. The new policy is established as set out below:

"In consonance with the change in policy and within the limitation prescribed below, organizations which have established facilities or which may in the future be permitted to establish facilities in rear areas in Korea, such as orphanages, hospitals, schools and missions, will be permitted to ship, via a commercial carrier, such supplies and equipment as are reasonably required for essential maintenance, transportation, rehabilitation and repair of their facilities and such relief supplies as are required for use within those facilities.

"It should be noted that this modification of policy does not alter the existing policy or procedures concerning the handling of donated relief or aid supplies for general distribution to the civil populace but rather should be considered as a supplement thereto."

C. Policy of the Agency regarding financial assistance to non-governmental organizations and voluntary agencies shipping relief goods to Korea

Under the procedure described in part B above, it will be permissible in the near future for voluntary organizations to ship supplies and equipment to Korea via commercial carriers up to 500 long tons of material monthly.

While this does not alter existing policy or procedures concerning the handling of donated relief or aid supplies for general distribution to the civil populace, it may

ties which will be accorded to the agency and its personnel when an agreement is established with the agency. Reasonable notification will be given by UNKRA to the agency in the event of withdrawal or modification of such conditions, status or facilities except that:

(a) Such advance notification cannot be given of administrative orders which reflect no basic change in the conditions stipulated when the formal relationship was established;

(b) Such advance notifications cannot be given of actions by governing authorities which are not within the prerogatives of UNKRA;

(c) Where an agreement is made with an agency to operate a service on behalf of UNKRA, the advance notification required for a change of conditions shall be stipulated in the agreement.

3. Any agreement with a voluntary agency may be terminated at any time if, in the judgment of the Agent General, the circumstances warrant such termination.

The following procedure has been established to implement the above policy:

(a) The local representative in Korea of the relief organization will register with UNCACK (United Nations Civil Assistance Command, Korea).

(b) Prior to shipment of any supplies under the above policy, the local representative in Korea will obtain an import permit from ROK (Republic of Korea) and have same authenticated by UNCACK. Prior to UNCACK authentication, the local relief representative must furnish evidence of his organization's capability to unload, store, and/or transport within Korea the supplies to be imported, without utilizing facilities required by military operations or civil assistance operations.

(c) All shipments to Korea as described above will be by commercial transportation and on other than Military Sea Transportation Service (MSTS) space chartered shipping. The Army Post Office system (APO) will not be used for such shipments. Army warehousing facilities will not be available for such supplies. Limitation on available transportation, port capacity and internal transportation indicates it will not be possible, at the present time, to import more than 500 long tons a month.

(d) All shipments of relief supplies outlined above, to and within Korea, will be the sole responsibility and at the expense of the organization concerned and expressly limited to such facilities as are not required for military or civil operations of the United Nations Command.

be expected that voluntary organizations will wish to ship to Korea under this new arrangement supplementary supplies to support their own programmes and facilities in Korea. Because all shipment of relief supplies under the procedure outlined will be the sole responsibility and at the expense of the organization concerned, and because certain programmes conducted in these facilities and installations may be expected to

further the general purposes of UNKRA in Korea, it may be expected that agencies will formally approach UNKRA for assistance to defray the shipment costs of certain of the supplies involved.

Such assistance appears to be in the spirit of the resolution creating UNKRA and it would be indefensible if needed relief goods were to go unused for lack of funds to meet shipping costs. The Agent General believes, therefore, that the Agency should be prepared to offer assistance in the shipment of such goods subject to the following conditions and limitations:

- (a) Unavailability of funds for the purpose from other sources;
- (b) The availability of UNKRA funds;
- (c) Formal determination by UNKRA that the contributed goods or supplies are actually needed in Korea, and will contribute to the general objectives of UNKRA; and that the costs of their shipment and handling are not in excess of procurement and shipping

costs of similar goods in areas of closer proximity to Korea;

(d) Formal determination by UNKRA that the distribution of such goods or supplies in Korea will be made in the spirit of sub-paragraphs 7, 8 and 15 of paragraph 16 of the resolution of the General Assembly creating UNKRA;

(e) Formal acceptance by the voluntary organizations requesting such assistance of the conditions set forth in Section IIIC, through 8 of "Policy of the Agency in respect to formal relations or agreements with non-governmental agencies". (see part A of the present annex) It is not anticipated that the shipment of non-governmental agencies under this procedure will reach the maximum weight allowable or that all of the supplies shipped under this arrangement will be such that UNKRA can appropriately undertake assistance in meeting shipment costs. Estimating a monthly average of 250 long tons, the cost of such a programme to UNKRA would approximate to \$15,000 monthly.

ANNEX VII

Nationality breakdown of the staff of the Agency as at 15 September 1952

<i>Country of nationality</i>	<i>Total</i>
Australia	16
Belgium	4
Canada	22
Cuba	1
Denmark	20
France	11
Greece	3
Haiti	1
India	1
Ireland	1
Iraq	1
Italy	1
Lebanon	1
Mexico	1
Netherlands	9
New Zealand	5
Norway	9
Peru	4
Philippines	1
Portugal	1
Stateless	3
Sweden	5
Switzerland	4
Syria	1
Thailand	2
Union of South Africa	2
United Kingdom	74
United States	102
TOTAL	306