

UNITED



NATIONS

**REPORT OF THE
UNITED NATIONS COMMISSION
FOR THE
UNIFICATION AND REHABILITATION
OF KOREA**

GENERAL ASSEMBLY

OFFICIAL RECORDS : TWELFTH SESSION

SUPPLEMENT No. 13 (A/3672)

NEW YORK, 1957

(17 p.)

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TABLE OF CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
INTRODUCTION		iv
CHAPTER I. ORGANIZATION AND ACTIVITIES OF THE COMMISSION AND ITS COMMITTEE		
A. Consideration of the Commission's report by the General Assembly at its eleventh session	1-2	1
B. Organization and present position	3-4	1
CHAPTER II. THE KOREAN QUESTION		
A. General	5	1
B. Developments concerning the Armistice Agreement	5-8	1
C. Reaction to the General Assembly resolution of 11 January 1957	9	2
D. Question of the admission of the Republic of Korea to the United Nations	10-11	2
E. Expansion of the diplomatic relations of the Republic of Korea	12	2
CHAPTER III. REPRESENTATIVE GOVERNMENT IN THE REPUBLIC OF KOREA		
A. Introduction	13-14	2
B. The Executive	15	2
C. The Legislature	16-19	2
D. The Press in the Republic of Korea	20-25	3
CHAPTER IV. THE ECONOMIC SITUATION AND PROGRESS OF RECONSTRUCTION IN THE REPUBLIC OF KOREA		
A. Introduction	26-28	4
B. General review of the economic situation	29-33	4
C. Production	34-40	5
D. Foreign trade	41-42	6
E. Conclusion	43	6

Annexes

I. DELEGATIONS TO THE UNITED NATIONS COMMISSION FOR THE UNIFICATION AND REHABILITATION OF KOREA, AND UNITED NATIONS SECRETARIAT		
A. Delegations to the Commission		8
1. List of delegations		8
2. Roster of chairmanship		8
(i) The Commission		8
(ii) The Committee of UNCURK		8
B. United Nations Secretariat		8
C. Organization		9
II. THE GOVERNMENT OF THE REPUBLIC OF KOREA		
A. The Executive		9
B. The National Assembly		9

III. INTERNATIONAL RELATIONS OF THE REPUBLIC OF KOREA	
A. Diplomatic representation of the Republic of Korea	10
B. Accessions by the Republic of Korea to international organizations and international treaties	10
C. Major conferences attended by the Republic of Korea	10
IV. THE PRESS IN THE REPUBLIC OF KOREA	11
V. ECONOMIC DATA	
A. Budget of the Republic of Korea for the financial year 1957	12
B. Price movements and money supply in the Republic of Korea	12

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

INTRODUCTION

The present report covers the period from 24 August 1956, the date of the Commission's last report, to 14 August 1957.

The United Nations Commission for the Unification and Rehabilitation of Korea was established by General Assembly resolution 376 (V) of 7 October 1950, and its functions in the economic sphere were further defined in General Assembly resolution 410 (V) of 1 December 1950.

The report should be read in conjunction with the previous reports submitted by the Commission to the General Assembly at its sixth, seventh, eighth, ninth, tenth and eleventh sessions covering the period from 7 October 1950 to 24 August 1956 (A/1881, A/2187, A/2441, A/2711, A/2947 and A/3172).

The report was signed on 14 August 1957.

Chapter I

ORGANIZATION AND ACTIVITIES OF THE COMMISSION AND ITS COMMITTEE

A. Consideration of the Commission's report by the General Assembly at its eleventh session

1. At its eleventh session, the General Assembly had before it the sixth report of the United Nations Commission for the Unification and Rehabilitation of Korea. In that report, the Commission stated that the Committee of UNCURK¹ had assumed the functions and responsibilities entrusted to the Commission and had discharged them within the existing limitations.

2. The General Assembly discussed the Korean question and, at its 637th meeting on 11 January 1957, adopted resolution 1010 (XI) by 57 votes to 8, with 9 abstentions. In this resolution, the Assembly noted the Commission's report and, recalling resolutions 811 (IX) and 910 (X), noted that the Armistice Agreement remained in effect. The Assembly reaffirmed that the United Nations objectives are to bring about by peaceful means the establishment of a unified, independent and democratic Korea under a representative form of government and full restoration of peace and security in the area. It urged that continuing efforts be made to achieve those objectives in accordance with the fundamental principles for unification set forth by the nations participating in the Korean Political Conference, held at Geneva in 1954, on behalf of the United Nations, and reaffirmed in the above resolutions. The Assembly called upon UNCURK to continue its work in accordance with existing resolutions of the General Assembly and to observe and report on

¹ See paragraphs 3 and 4, below, on organization and present position of the Commission.

elections throughout Korea, and called upon all States and authorities to facilitate this activity by the Commission. The Secretary-General was requested to place the Korean item on the provisional agenda of the twelfth regular session.

B. Organization and present position²

3. It will be recalled that, as a matter of internal organization, the Commission decided, on 7 September 1955, to establish in Korea, from 1 January 1956, a Committee consisting of the representatives of Australia, the Philippines, Thailand and Turkey, authorized to act on behalf of the Commission and with the Commission's status and mandate under General Assembly resolutions 376 (V) of 7 October 1950 and 410 (V) of 1 December 1950. The decision also provided that the Commission as a whole could be reconvened at any time if circumstances should render it necessary.

4. The Committee of UNCURK, which held its first meeting on 1 January 1956, has continued to meet regularly³ during the period covered by the present report. Acting on behalf of the Commission, it has observed all notable developments in the Republic of Korea, while endeavouring to foster the attainment of the goals of the United Nations. The Committee reconvened the Commission for the consideration of the Commission's report to the General Assembly at its twelfth session.

² The composition of the delegations and of the Secretariat is set out in annex I.

³ From 19 July 1956 to 30 July 1957 the Committee held thirty-one meetings.

Chapter II

THE KOREAN QUESTION

A. General

5. There has been no change in the basic prospects for realizing the fundamental objective of the United Nations in Korea, namely, to bring about the establishment of a unified, independent and democratic government for the whole Korean peninsula. The Armistice Agreement which halted the fighting on 27 July 1953 remains in force and the Korean question as such remains unsettled. There is no sign that the authorities in North Korea or the Central People's Government of the People's Republic of China are willing to negotiate for a settlement on the basis of the principles laid down by the United Nations. As long as this unwillingness exists, the prospects of achieving the United Nations objectives are clearly remote. However, the Commission wishes to reiterate its view, expressed in past reports, that the Armistice Agreement was not a peace settlement but only a step towards the ultimate ends that should be sought in a peace settlement.

B. Developments concerning the Armistice Agreement

6. As noted in its previous report, the Commission has no part in the implementation of the Armistice Agreement. Under its mandate to observe developments in the Republic of Korea and reactions to them, the Commission, however, has noted complaints in past years of violations of those provisions of the Armistice Agreement, the cardinal purpose of which was to ensure the stability of the Armistice and the maintenance of the relative military balance existing on 27 July 1953, when the Armistice Agreement was signed.⁴

7. During the period under review, the Commission noted the statement made by the United Nations side at the meeting of the Military Armistice Commission held at Panmunjom, Korea, on 21 June 1957, de-

⁴ See, for example, *Official Records of the General Assembly, Eleventh Session, Supplement No. 13 (A/3172)*, paras. 7 and 13.

claring, *inter alia*, that the United Nations Command, in view of the gross violations, by the other side, of the provisions of sub-paragraph 13 d. of the Armistice Agreement, in regard to the introduction of combat equipment and weapons and the reporting on such introduction, considered that it was entitled to be relieved of corresponding obligations under the provisions of that paragraph until such time as the relative military balance had been restored, and the other side, by its actions, had demonstrated its willingness to comply. The Commission also noted that the statements of the other side in the Military Armistice Commission on 26 June and 28 July 1957, which called for the nullification of the above decision by the United Nations Command, did not indicate any willingness to discuss a settlement of the Korean question on the lines envisaged by the United Nations.

8. The Government of the Republic of Korea, which refused to sign the Armistice Agreement and whose attitude of opposition towards it remains unchanged, had, during the years since its signature, repeatedly called for the denunciation of the Agreement. Consequently, it welcomed strongly the stand taken by the United Nations Command with regard to sub-paragraph 13 d., and continues to call for a denunciation of the entire Agreement.

C. Reaction to the General Assembly resolution of 11 January 1957

9. With regard to General Assembly resolution 1010 (XI) of 11 January 1957, disappointment was expressed in the Republic of Korea because the resolution, while reaffirming the United Nations objectives in Korea, did not provide for any concrete plan for unification.

D. Question of the admission of the Republic of Korea to the United Nations

10. The question of the admission of the Republic of Korea to the United Nations aroused strong public interest in the Republic preceding and during the eleventh session of the General Assembly.

11. Intense activity in favour of the country's admission took place both in the Republic and at United Nations Headquarters prior to the consideration of this question at the eleventh session. Numerous rallies were organized throughout the Republic, and a group, consisting of four prominent leaders sponsored by the "Nation-wide Committee for the Admission of the Republic of Korea to the United Nations", went to New York to plead their cause, in addition to the diplomatic activities displayed in that respect by the Observer of the Republic of Korea to the United Nations. The Republic has long maintained that it is fully qualified for membership and that the only obstacle to its admission is the attitude of the Union of Soviet Socialist Republics.

E. Expansion of the diplomatic relations of the Republic of Korea

12. The failure to reach a solution of the Korean question has not prevented the Republic of Korea from further consolidation as a national State.⁵ In this connexion, developments in the Republic's diplomatic representation and a description of its main activities in international organizations and conferences are set out in annex III to the present report.

⁵ *Ibid.*, par. 15.

Chapter III

REPRESENTATIVE GOVERNMENT IN THE REPUBLIC OF KOREA

A. Introduction

13. It was pointed out in the last report that the increasing ability of the Republic to stand on its own feet in regard to its system of government and administration had clearly reduced the need for assistance by the Commission. Developments during the period under review have confirmed that evaluation, and the Commission feels, therefore, at the present stage, that its role with regard to the development of representative government in the Republic of Korea is a limited one.

14. During the past year, no national or local government elections have been held in the Republic of Korea, and the Commission has, therefore, confined itself to observation of the political scene which has, in general, been stable, despite an attempt on the life of the Vice-President, Dr. Chang Myun, on 28 September 1956. The Liberal Party has retained control of the Executive and gained numerical strength in the Legislature where, at the time of the signing of the report, it held 133 seats out of a total of 203—almost two thirds. This means that the Assembly cannot muster a quorum without the presence of at least thirty-three Liberal Party members.

B. The Executive

15. During the year under review, there have been a number of changes in the Cabinet.⁶ The position under which the President and Vice-President come from different political parties⁷ has continued throughout the year. Although the policies of the parties they represent do not differ greatly in essentials, and although both expressed, in May 1956, their hope and desire for co-operation in the interests of the nation, this hope has not been realized to any substantial extent.

C. The Legislature

16. The House of Representatives remains the only body in the Republic of Korea performing legislative functions, although the Constitution, as noted in earlier reports, provided for two Houses.

17. The legislative work of the National Assembly, as expressed in the number of Bills adopted during the past year, has been limited, although a number of important legislative measures have been taken and considerable time spent on the interpellation of Minis-

⁶ See annex II, below.

⁷ See *Official Records of the General Assembly, Eleventh Session, Supplement No. 13 (A/3172)*, para. 20.

ters and general debate. Sessions were hampered too, by the failure on many days or parts of days to muster a quorum of the members (see para. 14, above). The limited number of Bills adopted is, however, offset to some extent by the Assembly's role as a forum for the freest possible discussions and criticisms of the Administration's policies. The Commission feels that the vigour with which the Assembly has conducted those discussions shows clearly how firmly established the democratic principle of open debate is in the Republic of Korea.

18. Political activities in the National Assembly continued to be carried on through negotiating groups in accordance with Assembly rules. The position of those groups is as follows:

Liberal Party	133
Democratic Party	45
Political Friends Association.....	22
Independents	3
Total	203

There are thus only two political parties represented in the National Assembly in any strength, the Liberal Party with 133 members, and the Democratic Party with forty-five. The Progressive Party (leader, Cho Pong Am) has one member in the Assembly. In addition to the political parties themselves, there is also an important negotiating group, the Political Friends Association (leader, Chang Taek Sang) with which some twenty-two opposition members other than the Democrats are loosely affiliated. Moreover, there is a body, the Struggle Committee for the Defence of the People's Prerogatives (Chairman, Chang Taek Sang) in which most opposition groups, including the Democrats, combine on occasion for activities inside and outside the Assembly. However, there appears little likelihood at the moment that such bodies and activities will lead to the formation of a unified opposition.

19. The next National Assembly elections are expected to be held in the first half of 1958, and the Commission has noted that preparations for the campaign on the part of the political parties had begun at the time of the drafting of this report.

D. The Press in the Republic of Korea

20. In keeping with its concern with the continuing development of representative government in the Republic of Korea, and in the firm belief that one of the surest bulwarks in protecting and encouraging this development is a free Press, the Commission has continued to take an interest in the various newspapers in the Republic of Korea.⁸

21. In April of this year, Korea celebrated its first "Newspaper Week" with a series of functions centring around the formation of a Korean Newspaper Editors' Association and the adoption of a Press code. This code upholds the freedom of the Press as one of the most fundamental of human rights, denies the lawfulness of laws which might interfere with this right, admits the applicability of legal sanctions in certain

⁸ For a list of major newspapers in the Republic of Korea, see annex IV.

cases where there is a possibility of infringement upon public interest, and emphasizes the importance of a sense of responsibility on the part of the Press. All the major newspapers in the Republic of Korea are represented on the executive and membership committees of the Association.

22. The formation of such an association and the adoption of its code are considered to be especially significant in view of a growing spirit of independence and initiative on the part of the Press, which reports fully on internal political, social and economic developments and does not hesitate to criticize the Administration's policies freely and at times bitterly. Statements by and criticisms of both government and opposition leaders are printed fully in many of the newspapers. The economic policies of the Government, in particular, are continually subject to quite searching analysis and, while there is rarely unanimity in regard to the solutions for the Republic's economic problems, there is a constant probing which complements the function of the National Assembly in this connexion. In regard to foreign policy, there is a greater unanimity of opinion in the Press; this reflects to some extent the greater unanimity of the people as a whole on such matters. However, many of the newspapers are extending their coverage of foreign news and broadening the scope of their editorial comment on foreign affairs.

23. The Press has from time to time reported that a Bill to establish official supervision of publications of various kinds was to be introduced into the National Assembly by the Liberal Party. However, in the event, nothing has come of these reports, and a number of senior members of the Liberal Party, including the Speaker of the Assembly, have made statements to the effect that they were not contemplating legislation which would control or provide for supervision of press activities.

24. Freedom of the Press in the Republic of Korea is enjoined in article 13 of the Constitution, which declares that "citizens shall not, except as specified by law, be subjected to any restrictions on the freedom of speech, press, assembly and association". There has been no attempt to restrict the Press unduly by legislative methods (libel and the making of false reports are covered in the Criminal Code, articles 307 and 309), but it has been ably argued by many Koreans that there should be further legislation to consolidate the freedom of the Press guaranteed by this constitutional provision.

25. The Commission feels that all necessary steps should be taken to maintain the development of a free, enterprising and responsible Press; it welcomes the advent of the Association and the code because they show an awareness by the Press that freedom necessitates responsibility, that accuracy, objectivity and self-restraint are indispensable attributes of responsible journalism. The Commission believes that this responsible attitude shown by the Press in forming the Association and formulating the code are developments which indicate a determination of purpose and liberalness of outlook which are doing much to strengthen the foundation of representative government in the Republic of Korea.

THE ECONOMIC SITUATION AND PROGRESS OF RECONSTRUCTION IN THE REPUBLIC OF KOREA

A. Introduction

26. In chapter IV of its report to the General Assembly at its eleventh session, the Commission reviewed the economic and financial situation of the Republic of Korea up to June 1956, and outlined developments in the various aid programmes to the Republic, in particular the programme of the United Nations Korean Reconstruction Agency and that of the United States of America. It has been the practice of the Commission in its annual reports to make such a review and to make such comments on Korean economic development and on the aid programmes as it thought necessary.

27. However, with the cessation of fighting, the development of administrative techniques, and the steady progress in relief and rehabilitation now leading to an increased tempo in the reconstruction phase of development and, further, with the decrease in the personnel of the Commission and its staff, the scope of UNCURK activity in this sphere has necessarily dwindled. UNCURK has, of course, through its Committee, continued to follow closely the activities of UNKRA and to be available to the Agent General for consultations as appropriate. Members of the Commission have inspected numerous UNKRA projects, and have maintained close and continuing relationships with the staff of the Agency. The Commission has been kept informed of the progress of plans for the phasing out of UNKRA's activities and has discussed those plans with the Agent General. It is the opinion of the Commission that UNKRA has contributed substantially to the recovery and reconstruction of the Republic of Korea, though any final estimate of this must await the completion of the whole programme. The Commission also shares the Agent General's view that UNKRA operations have provided further and valuable evidence of the possibilities of collective action through the United Nations in peacetime endeavours.

28. In regard to other aid programmes, notably that of the International Co-operation Administration of the United States of America, and in regard to the economic policies of the Government of the Republic of Korea, the Commission, through its Committee or through individual members, has kept itself informed of developments by contacts with the staff of the various agencies and government officials, and by a study of the data made available to it. Nevertheless, the Commission feels it necessary to record its belief that the contribution it can make at this present stage to the consideration and appraisal of economic developments within the Republic of Korea is a very limited one, and it has therefore been agreed that rather than embark upon a detailed consideration of the status of the aid programmes, which could not but repeat much of what will appear in the various agencies' own reports, and especially in the report of the Agent General of UNKRA, it would be more useful to give only a very brief general summary of the current economic situation in Korea, mentioning in passing the contribution of the aid programmes and highlighting those aspects of the situation which the Commission believes require strongest emphasis at present.

B. General review of the economic situation

29. In its first report, which was presented to the General Assembly at its sixth session, the Commission said: "Inflation is in many respects the most serious economic problem confronting Korea today. If it is not brought under control the whole basis of international relief and rehabilitation will be imperilled".⁹ Despite the difficulties, relief and rehabilitation have continued to the point where they can now be regarded, in general terms, as having been succeeded by the reconstruction phase of development. However, inflation has continued also, and its persistence can now endanger the reconstruction programme.

30. There is no doubt that, if the internal monetary situation can be stabilized through balancing the budget and restricting private credit, this would stimulate a faster and more balanced recovery of the Korean economy. But, to achieve this balance after a long period of inflation, without halting the reconstruction programme or lowering standards of living, and at the same time meet the high costs of essential defence, is a difficult task even with a continuing flow of foreign aid. In the special circumstances of Korea, it is not surprising that inflation has been a prominent continuing factor in the economy. The year under review has not seen the attainment of economic stability, but it has seen a marked decrease in the rate at which inflation has developed, and the development of more effective controls over a number of factors which have in the past contributed substantially to this inflation. This has for the most part been achieved within the first six months of 1957.

31. The extended budget for June 1955 to December 1956¹⁰ provided for an estimated over-all deficit of hwan 29.9 thousand million. Final figures which have been made available to the Commission, however, show the actual deficit to have been hwan 8.5 thousand million. The budget for the fiscal year January to December 1957, which was approved by the National Assembly on 30 December 1956, set out to reduce this deficit so far as possible through certain tax reforms and through the raising of the rates and prices charged by a number of government-operated enterprises. As approved, the estimated budget deficit for 1957 in the General and Defence Accounts was hwan 9.6 thousand million. This deficit does not, however, take into consideration the totality of government operations. The over-all estimated deficit, if all these are included, was set at hwan 77.3 thousand million¹¹ and, although the whole of this would not have been financed by inflationary means, the effect on the economy of such an imbalance would have been substantial. However, following discussions in Washington in January 1957 regarding the hwan-dollar exchange rate (see para. 33 below), the aid programme and the general economic situation, a financial programme was agreed upon by the Governments of the Republic of Korea and of the United States of America which was designed to stem

⁹ *Official Records of the General Assembly, Sixth Session, Supplement No. 12 (A/1881)*, para. 245.

¹⁰ *Ibid.*, *Eleventh Session, Supplement No. 13 (A/3172)*, para. 45.

¹¹ For details, see annex V, A.

the inflationary trend by holding the 1957 budget in balance, with the Combined Economic Board approving expenditures under the agreement each quarter.

32. There are, however, many government enterprises in Korea which operate outside the budget and, as they operate at a loss in several cases, their activities and the demands of private enterprise resulted in an expansion of bank loans throughout 1956. This expansion, combined with the considerable increase in the price of rice due to a bad harvest (see below), continued to have a serious inflationary effect throughout 1956. In general, the fiscal and credit policies of the Government in 1956 were not directed towards deflation. Nevertheless, an increased collection of hwan counterpart funds from the sale of aid goods partly offset the inflationary forces described above.

33. Early in 1957, the desire of the Korean Government to maintain the 500 hwan/1 US dollar rate of exchange agreed upon with the United States Government in 1955, led to an agreement (see para. 31) between those two Governments to maintain the rate at least until the end of this year. This has resulted in what seems to be a better appreciation than before of the techniques and of the necessity for stricter control of fiscal and credit operations. The effects of this programme are shown in the tables relating to price movements and the money supply (see annex V, B), from which it is evident that there has been a relative financial stability in the past six months that had not been obtained before, and there is every prospect that this stability will continue.

C. Production

34. The new financial programme has met with some criticism, chiefly on the ground that the shortage of working capital is compelling many enterprises to cut down or cease production entirely. No adequate statistical information on the number of firms that have been compelled to close down was available to the Commission at the time of the preparation of this report, but production indices for the major industries do not indicate any serious decline over the relevant period. Undoubtedly, a certain amount of speculative activity has been dampened down, especially insofar as many firms have been prone to use bank credits as their entire source of operating capital while using their own funds for outside speculative investment. Because bank rates are held at a level considerably below that obtainable in the open market, these operations have been a source of some profit. The spreading of the practice of financing operations so far as is possible from internal resources should greatly aid the efforts of the Government and the agencies to stabilize the economy.

35. Certain small businesses appear to have suffered more from the tightened credit controls. At the same time, however, it has long been the policy of UNKRA, a policy now being supported by the Government of the Republic of Korea and the United States programme, to foster small industry development through the making of special loans in approved circumstances. Such loans, if they are made from counterpart funds or other non-inflationary sources, fit within the over-all stabilization policy, while at the same time, if based on considerations that are strictly economic, resulting in useful increases in production. So long, therefore, as the loans are made from these sources, this policy should have beneficial effects on the economy as a whole.

36. While the collection and publication of statistical data has shown a vast improvement over the past year or so, the available statistics on national income are still largely unreliable. However, the following data, obtained from the Office of the Economic Co-ordinator, which implements the International Co-operation Administration programme in Korea, give some indication of trends, although the actual figures cannot be regarded as more than rough estimates:

	1949	1955	1956
Gross national production (\$US 1 million)	1,575	1,793	1,887
GNP Index	100	114	120
GNP per capita (\$US).....	78	83	86
Private consumption (\$US 1 million).....	1,260	1,431	1,535

The major aid programmes have been largely responsible for this progress.¹²

37. Rough estimates of industrial production show a 15 per cent increase (in real terms) for the calendar year 1956 over 1955. Electric power production now marches with demand following the completion of three new thermal plants under the Office of Economic Co-operation programme, the rehabilitation of old plants (thermal and hydro-electric) which is proceeding, and the opening of the small but useful hydro-electric station at Koesan, entirely built and financed by the Korean Government. Total production for the first six months of 1957 was 641 million Kilowatt hours, an increase of 31.9 per cent over the same period for 1956. Mineral production has increased by 15 to 20 per cent (1956 over 1955), the increases in production of anthracite coal, tungsten, electrolytic copper and copper ore, iron ore and molybdenite being especially noteworthy. Although a substantial portion of the mineral wealth of the peninsula lies in the north, there appear to be considerable as yet untapped deposits in the south. While the Commission is convinced that the economic viability of the peninsula as a whole requires unification as its essential prerequisite, in the present state of affairs the extensive development of the mineral industry in the south should provide the Republic with its soundest pillar of economic growth. Capital for the development of this industry should not come from the aid programmes alone. Substantial amounts of private Korean capital could be well, and, from the long-range point of view, profitably channelled into this sphere from other fields where the contribution it makes to the economic growth of the Republic is slighter. Fisheries too, have seen a general increase in production over the past year, both in regard to fresh fish, shell fish and seaweed, but production is still well below the Second World War level. The work of the agencies in port-improvement, shipbuilding, net-making, the establishment of canneries

¹² Details of total programme and arrivals are as follows:

UNKRA		\$
Programme to June 1957.....	90.6	million (total)
Arrivals:		
Project	57.6	million
Non-project (or saleables).....	33	million

OEC

(These figures indicate programme amounts only)

OEC		\$
Programme to end of June 1957....	1.081	million
Project	423	million
Non-project	648	million
Technical co-operation	10	million

The non-project commodities brought in under these programmes have exercised an important anti-inflationary effect on the economy.

and ice-works, and so on, has been of great importance in making possible the progress that has been achieved. There is still plenty of room for increased production, but it also remains true that the full impact of the aid programmes in this sphere will not be realized for several years.

38. This is also true of general manufacturing, where the recent or approaching completion of certain UNKRA and OEC projects should make themselves felt within the next twelve months. There have already been significant advances in the production of cotton textiles, paper, refined sugar, flour, rubber products, bricks and electrical items. In regard to textiles, indeed, it seems possible that there has already been over-expansion. In all but the high quality materials there is more than sufficient capacity to meet present demands. If the surplus of textiles can be marketed abroad, this will be all to the good, but the difficulties confronting the export of textiles in this competitive region are at present formidable.

39. Agricultural production is still by far the most important industry in Korea, occupying as it does some 65 per cent of the population, and with forestry accounting for some 36 per cent of the gross national product (given above in para. 36). In this sphere, Korea is still far from self-sufficient, which makes a striking contrast with the period before 1939 when the whole peninsula exported up to 1.4 million tons of rice per year (1932-1936 average), as against imports of less than half a million tons per year of coarse grains. Apart from the distortion of the economic life due to the division of the peninsula and the ravages of the war, this change has been wrought partly through extensive population increases in the south (natural and refugees) and because of the limited progress that has so far been made under the aid programmes in increasing the agricultural output. The consumption of rice per head has also increased since 1945. Increased grain consumption is desirable from the point of view of health and living standards, but it should be noted that a switch in the pattern of consumption away from rice to dry crops would possibly ease the pressures on production. The 1956 rice crop, owing to bad weather and poor crop conditions, was 15-20 per cent less than that of the previous year, and was less even than the average 1946-1950 crop. There was some increase in production of other grains and pulses, but the net result has been the existence of near-famine conditions in some provincial areas during the spring and summer of 1957, the limited withdrawal of the blanket restriction on private imports of rice, and the importation of up to 600,000 (and possibly more) metric tons of grain under the United States fiscal year 1957 aid programmes. The United States deserves full gratitude for arranging these shipments and for hastening their arrival insofar as it was able. However, the fact remains that even in normal post-war periods, Korea has had to import between 10 and 15 per cent of its grain consumption, and the prospects of achieving self-sufficiency or even keeping pace with population trends appear at present to be quite remote. Progress made during the year can be traced to an increased supply of fertilizers and to UNKRA/OEC work in the field of irrigation, flood control and farmland improvement. It is possible that when the full impact of completed projects is felt, when present projects, including the fertilizer plants now under construction or projected, are completed, and when the benefits of the agricultural extension schemes being worked out under

OEC guidance and the co-operatives being organized during the past year under a new National Assembly law can be seen, then the production of staple food-stuffs will become less of a problem.

40. In production, as in public administration, technical assistance to the Republic of Korea, whether from the United Nations through UNKRA and the Technical Assistance Administration, from foreign Governments direct or from voluntary agencies, plays, and must continue to play, a most important part. The Commission believes that, while there remains great scope for overseas technical training for Koreans, it is even more essential that the over-all programme of technical assistance should stress training by foreign experts in Korea, where skills are learnt in the environment in which they will be practised.

D. Foreign trade

41. There has been very little improvement in the balance-of-payments position since the Commission last reported. Gold and foreign exchange holdings have increased slightly. Exports for the calendar year 1956 at \$US 25.2 million were a 42.9 per cent increase over exports for 1955. Exports for the first six months of this year have been almost \$11.5 million, compared with \$13.3 million for the same period last year. While commercial imports themselves decreased, however, the net balance-of-payments position, taking into account Republic of Korea Government imports, imports of foreign aid goods, and so on, deteriorated slightly. The decline in imports on commercial account was largely due to the tightening of restrictions on the use of government-controlled foreign exchange. The main export commodities continued to be the mineral group (65.1 per cent for 1956), followed by marine products and agricultural and animal products. A market for Korean apples is presently being developed in parts of the region and, though small, it should make a worthwhile contribution to the balance of trade. It developed as part of increased trade promotion activity which has been taking place since the latter part of 1956.

42. It is important that this activity should be encouraged. The present prospect for Korea in world trading is one of continued trade deficit covered by continued foreign assistance. In considering the rectification of this situation, the distortion of the structure of the peninsula's economy through political division is a basic fact, but it is necessary nonetheless to attempt to find a partial solution of the problem in the present circumstances. The development of the mineral and marine industries will provide the Republic with its most important export commodities, but it seems necessary also to develop a greater consciousness of the need to export, a greater knowledge of export techniques and greater price competitiveness, which is affected both by costs and by the exchange rate. At present, there are far larger profits to be made through importing, and most of the energies of the private trader are concentrated on this. The balance of payments can only be strengthened by long-term measures and these will involve not only the fiscal and monetary policies described above, and the maintenance of the rate of growth in production, but also a fundamental change in attitude, especially on the part of the trader, towards this problem, obscured as it is by foreign aid.

E. Conclusion

43. The Commission is convinced that in all these three interlinking spheres of activity—promoting sta-

bility, increasing production and bridging the trade gap—foreign aid to Korea is now and will continue to be of overwhelming importance. Aid in one form or another, given the present circumstances, must continue for a considerable time to come. However, the Commission would like to point out that there should not be too heavy a reliance on aid as a stabilizing device. Foreign aid is in a sense a *deus ex machina*, and to think of it as something which allows the launching of projects for exceeding the long-term financial possibilities of an economy is to endanger the stability and the standards already achieved. The Commission would also like to emphasize once again its conviction that the problem of the economy is also very much the problem of unification. Progress with the former may or may not ease the solution of the latter, but progress with the latter would greatly simplify the former.

* * *

The present report is transmitted to the Secretary-General for submission to the twelfth regular session of the General Assembly pursuant to the provisions

of paragraph 2(c) of General Assembly resolution 376 (V) of 7 October 1950.

The Commission places on record its appreciation of the services rendered by the Secretariat during the year.

Done at Commission Headquarters, Seoul, Korea, this fourteenth day of August, one thousand nine hundred and fifty-seven.

(Signed) H. A. DUNN, *Australia*
*Chile*¹³

C. REUHLIN, *Netherlands*

O. H. MALIK, *Pakistan*

Cosme P. GARCIA, *Philippines*

Sawat BUSPAROEK, *Thailand*

Kamil IDIL, *Turkey*

Carl J. JAKHELLN
Principal Secretary

¹³ Chile was not represented on the Commission at the time of the signing of the report.

ANNEX I

Delegations to the United Nations Commission for the Unification and Rehabilitation of Korea, and United Nations Secretariat

A. Delegations to the Commission

1. LIST OF DELEGATIONS

AUSTRALIA

Representative

Mr. Harold G. Marshall¹

Mr. Hugh A. Dunn²

Alternate representative

Mr. Charles R. Ashwin

CHILE

NETHERLANDS

Representative

Jonkheer Otto Reuchlin, Ambassador Extraordinary and Plenipotentiary

PAKISTAN

Representative

Mr. Omar H. Malik, Ambassador Extraordinary and Plenipotentiary

PHILIPPINES

Representative

Mr. Tomas G. de Castro, Envoy Extraordinary and Minister Plenipotentiary³

Mr. Cosme P. Garcia, Envoy Extraordinary and Minister Plenipotentiary⁴

Alternate representative

Mr. Juan J. Hormillosa⁵

THAILAND

Representative

Mr. Chitti Sucharitakul, Ambassador Extraordinary and Plenipotentiary

Alternate representative

Mom Chao Jotisi Devakul⁶

Mr. Sawat Busparoeck⁷

TURKEY

Representative

Dr. Kamil Idil

2. ROSTER OF CHAIRMANSHIP

(i) The Commission

When the Commission reconvened on 2 August 1957 to consider the report, the Chairmanship was assumed by the representative of Australia.⁸

(ii) The Committee of UNCURK

1956

September

Dr. Kamil Idil, *Turkey*

October

Mr. Harold G. Marshall, *Australia*

November

Mr. Cosme P. Garcia, *Philippines*

December

Mr. Jotisi Devakul, *Thailand*

1957

January

Dr. Kamil Idil, *Turkey*

February

Mr. Harold G. Marshall, *Australia*

March

Mr. Cosme P. Garcia, *Philippines*

April

Mr. Jotisi Devakul, *Thailand*

May

Dr. Kamil Idil, *Turkey*

June

Mr. Hugh A. Dunn, *Australia*

July

Mr. Cosme P. Garcia, *Philippines*⁹

Mr. Sawat Busparoeck, *Thailand*¹⁰

B. United Nations Secretariat

Principal Secretary

Mr. Dantas de Brito (until 13 December 1956)

Mr. Carl J. Jakhelln (from 14 December 1956)

Political Affairs Officer

Mr. Ali Nekunana (until 17 April 1957)

Mr. Albert F. Hamel (from 22 April 1957)

Administrative Officer

Mr. Fred Babinowich (until 16 April 1957)

Mr. Charles E. Bolduc (from 17 April 1957)

¹ Until 9 May 1957.

² From 15 May 1957.

³ Until 26 September 1956.

⁴ From 8 November 1956.

⁵ From 4 February 1957.

⁶ Until 16 June 1957.

⁷ From 17 June 1957.

⁸ In the temporary absence of the representative of Turkey.

⁹ Until 18 July 1957.

¹⁰ From 19 July 1957.

Secretaries

Mr. William G. Nixey (until 20 January 1957)
Mr. James D. P. Whyte
Mr. Douglas F. Hedgecock (from 13 May 1957)

Telecommunications Unit

Senior Field Service Radio Officer

Mr. Einar Michalsen (until 5 December 1956)
Mr. Cornelius Heinsius (from 9 January 1957)

Radio Officers

Mr. Joseph Anzarut (until 22 February 1957)
Mr. Valiyampath P. Menon
Mr. Santiago Balleza (from 4 March 1957)

Korean Interpretation and Translation Section

Mr. Kim Yoon Yul (Chief)
Mr. Kye Kwang Kil

Administrative Assistant

Mr. Chun Ki Poong

C. Organization

The delegations of the Committee of UNCURK and the secretariat are established in Seoul.

Certain categories of logistical support continue to be furnished by the United Nations Command.

The Commission and its Committee have received effective co-operation and assistance from the liaison officer provided by the Republic of Korea.

ANNEX II

The Government of the Republic of Korea

A. The Executive

President of the Republic

Syngman Rhee

Elected by the National Assembly 20 July 1948.
Assumed office 14 August 1948. Re-elected by popular vote 5 August 1952. Assumed office 15 August 1952. Re-elected by popular vote 15 May 1956. Assumed office 15 August 1956.

Vice-President of the Republic

Chang Myun

Elected by popular vote 15 May 1956. Assumed office 15 August 1956.

Minister of Foreign Affairs

Cho Chung Whan

Appointed 31 December 1956.

Minister of Home Affairs

Lee Ik Hung

Appointed 22 May 1956. Resigned 2 February 1957.

Chang Kyung Keun

Appointed 4 February 1957.

Minister of Finance

In Tae Shik

Appointed 26 May 1956. Resigned 9 June 1957.

Kim Hyun Chul

Appointed 9 June 1957.

Minister of Justice

Lee Ho

Appointed 16 September 1955.

Minister of National Defence

Kim Yong Woo

Appointed 26 May 1956. Resigned 6 July 1957.

Kim Chung Yul

Appointed 6 July 1957.

Minister of Education

Choe Kyu Nam

Appointed 8 June 1956.

Minister of Reconstruction

Kim Hyun Chul

Appointed 26 May 1956. Resigned 9 June 1957.

Song In Sang

Appointed 9 June 1957.

Minister of Agriculture and Forestry

Chung Woon Kap

Appointed 17 November 1955. Resigned 17 June 1957.

Chung Jai Sul

Appointed 17 June 1957.

Minister of Commerce and Industry

Kim Il Hwan

Appointed 16 September 1955.

Minister of Health and Social Affairs

Chung Joon Mo

Appointed 26 May 1956. Resigned 17 June 1957.

Sohn Chang Whan

Appointed 17 June 1957.

Minister of Transportation

Lee Jong Lim

Appointed 10 February 1954. Resigned 9 June 1957.

Moon Bong Je

Appointed 9 June 1957.

Minister of Communications

Lee Eung Joon

Appointed 16 September 1955.

B. The National Assembly

Speaker

Lee Ki Boong

Elected 9 June 1954. Re-elected 8 June 1956.

Vice-Speakers

Hwang Sung Soo

Elected 8 June 1956. Resigned 29 November 1956.

Cho Kyung Koo

Elected 2 March 1955. Re-elected 8 June 1956.

Lee Jae Hak

Elected 5 December 1956 to replace Hwang Sung Soo.

International relations of the Republic of Korea

A. Diplomatic representation of the Republic of Korea

Washington	Embassy
Taipei	Embassy
London	Embassy
Ankara	Embassy
Paris	Legation
Saigon	Legation
Manila	Legation
Bonn	Legation
Rome	Legation
Tokyo	Mission
New York	Observer at United Nations
New York	Consulate General
Hong Kong	Consulate General
San Francisco	Consulate General
Los Angeles	Consulate General
Honolulu	Consulate General
Sydney	Consulate General

B. Accessions by the Republic of Korea to international organizations and international treaties

<i>Organisations</i>	<i>Date of accession</i>
World Health Organization (WHO)	17 August 1949
United Nations Educational, Scientific and Cultural Organization (UNESCO)	14 June 1950
International Civil Aviation Organization (ICAO)	11 November 1952
Food and Agriculture Organization of the United Nations (FAO)	31 December 1952
International Telecommunication Union (ITU)	28 December 1954
Universal Postal Union (UPU)	28 December 1954
International Monetary Fund (IMF)	27 August 1955
International Bank for Reconstruction and Development (IBRD)	27 August 1955
World Meteorological Organization (WMO)	16 March 1956
Economic Commission for Asia and the Far East (ECAFE)	20 October 1954
Office of International Epizootics (OIE)	18 November 1953
Constitution of the International Rice Commission (IRC)	21 November 1953
Rules and Regulations of the International Cotton Advisory Commission (ICAC)	1 March 1954
International Load Line Convention (ILLC)	11 September 1954
International Hydrographic Bureau (IHB)	1 January 1957

Organisations

International Plant Protection Agreement (IPPA)	8 December 1953
International Wheat Agreement (IWA)	7 July 1956

The Republic of Korea has pending an application for membership of the United Nations.

C. Major conferences attended by the Republic of Korea

The following are major international conferences at which the Republic of Korea has been represented during the past year:

- Eleventh session of the United Nations General Assembly—Observer (United Nations, New York)
- Ninth session of the General Conference of UNESCO (New Delhi)
- Third special session of FAO (Rome)
- Seventh session of the FAO Indo-Pacific Fisheries Council (Bandung)
- Thirteenth session of ECAFE (Bangkok)
- Twenty-first and twenty-second sessions of the International Wheat Council (London)
- Tenth World Health Assembly (Geneva)
- Second session of the United Nations Sugar Conference (Geneva)
- Seventh session of the WHO Regional Committee for the Western Pacific (Manila)
- Twenty-fifth International Epizootic Conference (Paris)
- Twentieth session of the International Geological Congress (Mexico City)
- Eighth International Congress of Social Workers (Munich)
- Conference on the Statute of the International Atomic Energy Agency (United Nations, New York)

In addition, the Republic of Korea has been represented at sixteen other conferences, symposiums and working parties held during the year under the auspices of ICAO, WMO, FAO and ECAFE.

OTHER CONFERENCES

- Eleventh World Congress of International Junior Chamber (Wellington)
- Seventh Asia Regional Conference of International Junior Chamber (Saigon)
- The World Assembly for Moral Rearmament (Mackinac, Michigan, USA)
- Moral Rearmament Asia Conference (Manila)
- The Meeting of the Executive Committee and the International Committee of the International Publishers Association (Copenhagen)
- Fourth Asian Leaders Conference of YMCA (Hong Kong)

The Press in the Republic of Korea

At present, a total of forty-three newspapers are published in the Republic of Korea, having a combined circulation of a little less than one million. Of the forty-three, sixteen are published in Seoul (though having in many cases a nation-wide circulation) and twenty-seven are published outside the capital in the provinces. The former group includes two English language newspapers ("The Korean Republic" and "The Korea Times") and one Chinese language newspaper ("The Han Wha Ilbo"). It also includes three financial newspapers.

With regard to circulation statistics, there is in the Republic of Korea no such institution as a board of audit, and it has traditionally been the policy of Korean newspapers to keep these statistics a secret. The Commission consulted informally with the five major newspapers with regard to the publication of such data, and although the idea of publication generally met with their approval, considerable divergence between various estimates was found. Where the divergence was not too great, a circulation estimate has been given in the form of a spread which it is believed encompasses the fluctuations in distribution at the present time. In the case of the "Tong-a-Ilbo", however, which has the largest circulation of any newspaper within the Republic of Korea, the divergence of estimates was so great—from 170,000 to 300,000—that the Commission prefers to set down no figure.

The five major newspapers are as follows:

Tong-a-Ilbo

Founded on 1 April 1920 by the late Kim Sung Soo
 President: Kook Tai Il
 Chief Editor: Koh Jai Wook
 Evening daily

Kyunghyang Shinmun

Founded on 6 October 1946 by Bishop Yang Ki Suk
 President: Han Chang Woo
 Chief Editor: Oh Jong Shik
 Approximate circulation: 120,000-150,000
 Morning and evening daily

Hankuk Ilbo

Founded on 9 June 1954 by Chang Ki Yung.
 President-Publisher: Chang Ki Yung
 Chief Editor: Lim Chang Soo
 Approximate circulation: 80,000-100,000
 Morning daily

Chosun Ilbo

Founded on 5 March 1920 by Ye Chong Suk
 President: Bang Il Yung
 Chief Editor: Hong Chong In
 Approximate circulation: 80,000-100,000
 Morning and evening daily

Seoul Shinmun

Maeil Shinbo, the predecessor of the Seoul Shinmun was founded on 20 November 1938. The present Seoul Shinmun was first published on 23 November 1945 by Oh Se Chang.

President: Kim Hyung Keun, former Minister of Home Affairs.

Chief Editor: Koh Je Kyung

Approximate circulation: 65,000-85,000

Afternoon daily.

While those newspapers are not necessarily connected with specific political parties, two can be classified as opposition, one as pro-government and two as independent.

The other newspapers, both in Seoul and in the provinces, vary greatly in circulation from one or two in Seoul, Taegu and Pusan with circulations of about 25,000 or more to some that have circulations of 1,000 or less. The two English language newspapers have a combined circulation of between 10,000 and 15,000. One of these is pro-government and the other independent.

Apart from the daily newspapers and the periodicals, there are fourteen news agencies within Korea, including the following four subscribers to foreign press agencies:

Hapdong Tongshin (Korean Pacific Press)

Associated Press

International News Service

Agence France Presse

Tongyang Tongshin (Oriental Press)

United Press

Seke Tongshin (World Press)

Reuters

Donghwa Tongshin (Donghwa News Agency)

Associated Press

The Republic of Korea celebrated its first Newspaper Week from 7 to 14 April 1957. The date of 7 April was chosen to commemorate the sixty-first anniversary of the first issue of the country's oldest private newspaper, "The Independent", a bilingual English and Korean daily, founded by Dr. Philip Jaisohn. The main events of the week were the founding of a newspaper editors' association (a publishers' association was formed on 3 June 1957) and the adoption of a Press code.

Citations were also presented, honouring the memory of the seventeen United Nations war correspondents who were killed during the Korean war.

ANNEX V

Economic data

A. Budget of the Republic of Korea for the financial year 1957

(In millions of hwan)

	<i>Revenues</i>	<i>Expenditures</i>
<i>General account</i>		
Taxes	90,731	—
Customs	19,778	—
Miscellaneous	17,779	—
Government operations	—	99,463
	<hr/>	<hr/>
SUB-TOTAL	128,288	99,463
<i>Special accounts</i>		
Defence	—	114,071
Government enterprises—transportation, communications, etc., salt, tobacco monopolies, etc...	108,494	102,033
Grain management	70,356	100,690
Land reform	9,419	9,419
National bonds	15,200	4,173
Patriotic Lottery	5,000	3,999
Sale of currency to United Nations Forces	6,803	6,803
Industrial reconstruction bonds..	4,671	30,180
Counterpart Fund	194,300	34,534
Economic rehabilitation expenditure	—	110,151
Office of Supply operations.....	18,972	23,249
	<hr/>	<hr/>
SUB-TOTAL	433,215	539,311
GRAND TOTAL	<hr/> <u>561,503</u>	<hr/> <u>638,774</u>

B. Price movements and money supply in the Republic of Korea

(Seoul wholesale price index)

Increase per annum, and per month for 1957:

1953 (<i>Base year</i>).....	100 (Pusan)
1954	128.2
1955	232.2
1956	313.0

	<i>All prices</i>	<i>Grain prices</i>
1957 January	368.4	343.2
February	368.5	335.3
March	378.1	350.8
April	389.6	395.1
May	385.1	395.0

It should be noted that the price of grain accounts for 39 per cent of the composition of this index. The 1956 and 1957 increases would have been much lower had it not been for the sharp rise in the price of rice following the 1956 harvest.

Money supply index (in millions of hwan)

1953	21,930	1957 January	123,038
1954	47,599	February	119,852
1955	70,546	March	120,239
1956	103,608	April	116,992
		May	117,001