

# From “March North” to Nation-Building: *The Interplay of U.S. Policy and South Korean Politics during the Early 1960s*

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## Abstract

*This paper examines international causes of South Korean dramatic political changes and the accompanying shift in national policy priorities during the early 1960s. Based on declassified U.S. government documents and other primary materials, this paper aims to narrate the interactions between Korean domestic politics and U.S. policy. By doing so, this paper demonstrates that U.S. policy functioned as a structural cause for the change of South Korea’s national policy priorities from unification to economic development.*

**Keywords:** April Revolution, Chang Myon, economic development, Eisenhower, Kennedy, March North, May coup d’état, Park Chung-hee, unification, Syngman Rhee

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\* This work was supported by the Korea Research Foundation Grant, funded by the Korean Government (MEST) (KRF-2007-361-AL0016).

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## Introduction

During the early 1960s, South Korea experienced dramatic political changes which also brought about a crucial shift in national policy priorities. Syngman Rhee, the first President of the Republic of Korea, was an ardent advocate of a “March North” policy to reunify the country by force. For him, unification was an immediate goal of top priority that he believed could be achieved most effectively by force. His position on unification and the priority he attached to it never changed during his time in office. With Rhee’s fall as a result of popular uprisings in April 1960, however, the voice for the “March North” also disappeared. The next government, under the leadership of Prime Minister Chang Myon, did not consider unification as a goal of immediate importance. Instead, the Chang government paid more attention to economic development. In May 1961, the Chang government was toppled by a military coup led by General Park Chung-hee and a group of young colonels. Still, the primary focus on economic growth did not alter. The military government set forth unification as a long-term goal which would follow nation building in South Korea.

Given South Korea’s position as a frontier state of the international Cold War confrontation and its heavy dependence on U.S. support, no one would doubt that international politics of the Cold War and, in particular, U.S. policies affected the country’s course of development considerably. However, South Korea’s political changes and national strategies were often explained mainly in terms of domestic political factors. A seminal study on South Korean politics during the Second Republic, for example, argued that the collapse of the Chang government was primarily due to ideological bipolarization of the society, leaving the influence of international politics largely unexamined (Han 1974). The failure to address international influences may have been due to the unavailability of primary materials which could reveal policy discussions among U.S. officials. In this regard, it is noteworthy that recent scholarship of Korean history over the period draws heavily on international archival sources such as declassified

U.S. diplomatic documents.<sup>1</sup> However, its domestic politics-oriented bias still remains. For example, Korean leaders such as Syngman Rhee and Park Chung-hee were often evaluated by the conceptual framework of democracy versus dictatorship. In line with this evaluation, the disappearance of unification policy was often attributed to Park's dictatorial administration. By simply defining the Park administration as an antiunification force, some commentators do not even bother to explain reasons for the disappearance. Of course, the importance of the question of democracy in South Korea's political life cannot be disputed. Nevertheless, it should be emphasized that Korean politics were under the structural influence of international politics, and that this was particularly the case during the 1960s.

This paper examines international causes of South Korea's dramatic political changes and the accompanied shift in national policy priority during the early 1960s. Based on declassified U.S. government documents and other primary materials, this paper will narrate interactions between Korean domestic politics and U.S. policy towards the country. By doing so, this paper will demonstrate that U.S. policy functioned as a structural cause for the change of South Korea's national policy priorities from unification to economic development.

### **The April Revolution**

On April 19, 1960 in Seoul, thousands of demonstrators led by university students surged towards the presidential residence. The police attempted to stop the march by the use of fire hoses, tear gas, and even rifle shots. In the process, a number of students and civilians were injured or killed. Martial law was instituted in the Seoul area.

The demonstrations were a reaction to presidential and vice-presidential elections of March 15, which delivered large majorities for Syngman Rhee as President and Lee Ki-Bung as Vice President. Due

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1. See, for example, Park (2006).

to the sudden death of the opposition presidential candidate during the election campaign, Rhee's easy victory was expected. However, Lee's election was suspicious<sup>2</sup> especially in light of the repressive pre-election rigging such as intimidation and fraudulent counting, carried out on a massive scale under the direction of the Home Minister (Oh 1969, 167). Indeed, as the U.S. embassy commented, "[s]eldom has political victory been more completely Pyrrhic."<sup>3</sup>

On that day, at his request, U.S. Ambassador to Korea Walter P. McConaughy met President Rhee. The ambassador endeavored to make Rhee, who was "substantially out of touch with realities of present situation," understand the true causes, nature, and probable consequences of the uprisings. He pointed out that the main source of the protest was not communist instigation but widespread fraud and police coercion during and after the elections. Indicating the possible and real danger of communist exploitation of the situation, he urged Rhee to undertake corrective actions such as calling for a new election to address the people's complaints. He also emphasized grave U.S. concern over the situation in which "U.S. vital interest in maintenance of secure and stable operating base" was being jeopardized.<sup>4</sup>

Before calling on Rhee, McConaughy released a press statement, in which he called upon both demonstrators and authorities to act "with a view to the immediate restoration of law and order and a settlement of justifiable grievance toward which the demonstrations [we]re directed."<sup>5</sup> This public statement, also broadcast by radio, was interpreted as an indication of support for democracy by the U.S.

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2. Given Rhee's age, 85, and the Vice President's constitutional right to succeed to the presidency, the result of the vice-presidential election was of no less importance than that of the presidential election.
  3. Dispatch 204 from Seoul, October 28, 1960, *Foreign Relations of the United States* [hereafter *FRUS*], 1958-1960, vol. 18, p. 605, fn. 5.
  4. Telegram 890 from Seoul, April 19, 1960, *FRUS*, 1958-1960, vol. 18, pp. 620-622.
  5. Telegram 880 from Seoul, April 19, 1960, 795B.00, Confidential File [hereafter *CF*], Record Group [hereafter *RG*] 59, National Archives, College Park, Maryland, U.S. [hereafter *NA*].

administration, which had previously been largely perceived as a strong supporter of the Rhee administration. Thus, the statement improved the morale of the opposition protesters. When McConaughy drove towards the presidential mansion to meet Rhee on the night of April 19, "the milling crowds cleared a path for his limousine and he was enthusiastically cheered by Koreans on the streets of Seoul" (Oh 1969, 168).

Despite U.S. pressure and domestic protest, Rhee's understanding of the situation changed little. In another meeting with McConaughy on April 21, he revealed his "surprise and concern over Washington's reaction" to the events of the previous three days. Moreover, insisting that present disorders were "not a reflection of popular dissatisfaction but rather the handiwork of Vice President Chang Myon," he asked for U.S. support for his effort to "calm things down," which essentially meant further repression.<sup>6</sup> The ambassador courteously declined to offer U.S. help. The meeting was unsatisfactory to McConaughy. He reported to Washington that, due to Rhee's senility and his entourage's withholding of information, Rhee was "dangerously uninformed and misinformed."<sup>7</sup> In its reply, the State Department also noted that it was "both highly disappointed and concerned" at Rhee's lack of understanding of the situation.<sup>8</sup>

After April 22, Korean leaders close to Rhee began to counsel him along more realistic lines.<sup>9</sup> Partly from growing realization of the gravity of the situation, on April 24, Rhee announced that he had received and accepted the resignations of his entire cabinet. He stated that he would sever all ties with the Liberal Party and seek solely to serve the nation. However, U.S. observers took a skeptical view towards these new announcements. A synopsis of intelligence material prepared for President Dwight D. Eisenhower on April 25 indicated, "The constitutional amendment planned by Rhee would allow

6. Telegram 923 from Seoul, April 21, 1960, *FRUS*, 1958-1960, vol. 18, pp. 629-631.

7. Telegram 939 from Seoul, April 23, 1960, 795B.00, CF, RG 59, NA.

8. Telegram 878 to Seoul, April 23, 1960, *FRUS*, 1958-1960, vol. 18, p. 635.

9. Telegram 945 from Seoul, April 23, 1960, 795B.00, CF, RG 59, NA.

him to retain control by leaving him the power to appoint and dismiss cabinet members.”<sup>10</sup>

On April 25, about 400 university professors paraded peacefully through the streets to the National Assembly. At the conclusion, they adopted resolutions calling for the March elections to be declared null and void, for new elections to be scheduled, for the punishment of those responsible for the election fraud and injuries inflicted upon demonstrators, and for the resignation of all officials in power including the president. Following this parade, large demonstrations broke out again in Seoul and grew rapidly in size and violence.

On the morning of April 26, at the highest point of the crisis when a huge number of demonstrators were marching towards the city center, McConaughy telephoned the Korean Defense Minister Kim Jeong-yeol. He urged Kim to get President Rhee to receive a delegation of students, issue a statement on new elections, and “consider his future political role.” McConaughy also released a press statement similar to previous ones but far more reflecting the urgency of the situation, concluding that “[t]his is no time for temporizing.” Several minutes later, Kim called McConaughy to say that Rhee had decided to issue a statement, the essence of which was that “if the people wished him to resign he would and that he had ordered new elections.” Finally, after a few minutes, at 10:30, Rhee’s statement was broadcast. The next day, Rhee’s formal submission of a letter of resignation to the National Assembly was accepted. Rhee was succeeded by Heo Jeong, the recently appointed Foreign Minister, as Acting President for the interim government.

### Explaining U.S. Response

The main force that eventually brought about the fall of Rhee’s 12-year administration was Korean people and, in particular, students. Their protests reflected not only public resentment over the ways in

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10. “Editorial Note,” in *FRUS*, 1958-1960, vol. 18, p. 634.

which elections were conducted but, more fundamentally, a long-held disillusionment over the increasing authoritarianism of the political regime. Ambassador McConaughy observed:

Democracy is a more vigorous force in Korea than in the majority of Afro-Asian countries, although various current pressures are putting to a severe test both its depth and staying power. As stated in Seoul's country paper, "it is the fact that so many are intellectually and emotionally committed to preserving democratic institutions in Korea, as well as the fact that there are so many competent young officials rising up in the ranks that the future offers such hope and yet much danger. If these institutions and individuals are allowed to progress, the future holds promise; otherwise, it is bleak indeed."<sup>11</sup>

The U.S. government and Ambassador McConaughy in particular played a subtle but crucial role in accelerating the process that led to the collapse of the Rhee administration. U.S. public statements issued during the political crisis encouraged Korean people to fight for the cause of democracy, as they were interpreted as an indication of U.S. support. The Eisenhower administration distanced from the authoritarian regime which it had long supported, and eventually supported instead the people's movement for democracy.

Why did the U.S. government not help the Rhee administration withstand the political crisis? One partial answer to this question was U.S. concern about democracy in Korea. Admittedly, democracy itself might not have been the main U.S. concern. Yet, U.S. officials perceived that increasing authoritarianism fundamentally threatened U.S. objectives in Korea, which were to encourage "a politically stable and militarily strong nation which [wa]s pro-U.S. and anticommunist in character."<sup>12</sup> Thus, Marshall Green, the counselor at the

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11. McConaughy, "The Rise of New Leadership in Asia," Keynote Presentation at U.S. Far East Chiefs of Mission Conference, Baguio, March 16, 1960, FO 371/150672, National Archives, UK.

12. Telegram 742 from Seoul, March 17, 1960, *FRUS*, 1958-1960, vol. 18, p. 609.

U.S. embassy in Korea, argued: “[H]eretofore, we have justified authoritarianism in South Korea as at least serving the cause of stability. That may have been true at one time, but it is doubtful that it is true today, and it certainly will not be true tomorrow the way things are going.”<sup>13</sup>

In proportion to the deepening of the political crisis, the attitude of U.S. policy-makers towards the Rhee government was getting tougher, and their willingness to intervene for prodemocracy causes strengthened. The following dialogue between President Eisenhower and Secretary of State Christian Herter on April 19 demonstrates this:

The President said we just have to get tough with Rhee and tell him that we fought for the freedom of South Korea and that unless Rhee permits free elections and the people are given the right to vote, there is just no sense in our being in Korea. The Secretary said that while we are technically interfering with the internal affairs of Korea, there are special justifications in this case. The President agreed and said it was at Rhee’s insistence that we have kept troops there to defend him.<sup>14</sup>

As the crisis deepened with little prospect of Rhee’s remedial actions, the State Department began to consider taking far more direct and tougher action, even including the removal of Rhee from power:

If, as Dept. anticipates, Rhee pursues repressive policies and fails to meet popular demand for new elections, Dept. believes that we must then consider without delay means by which Rhee and hard core or extremist elements in Government and LP may be isolated and moderate and responsible elements in DP, LP, and non-political groups (such as students) who would be responsive but need encouragement may be brought together in broad grouping in order to develop a broadly based Korean administration dedicated to Free

13. Green to Steeves, March 25, 1960, 795B.5-MSP, CF, RG 59, NA.

14. *FRUS*, 1958-1960, vol. 18, p. 623.

World principles and security objectives and to effective operation genuinely democratic political system capable of maintaining popular support. We intend to review our aid program to see in what manner it could be utilized in this process.<sup>15</sup>

The second, but probably a deeper reason for the Eisenhower administration's willingness to let the Rhee administration collapse was their conflict of interests. According to Donald Stone Macdonald, who served as the Korea Desk Officer of the State Department from 1960 to 1962, Washington began to "take a firmer stand toward Korea" in January 1960. The new policy was applied to three major issue areas: The exchange rate problem, Korean relations with Japan, and ultimately the problem of the March 15 presidential election. These were the areas in which the Rhee government strongly resisted U.S. policy (Macdonald 1992, 200).

Among those issues, U.S. officials considered that "exchange rate question so basic to achievement our economic objectives in Korea that it should not be avoided any longer."<sup>16</sup> Mainly due to President Rhee's insistence, a multiple exchange rate system was maintained in Korea. In that system, the Korean currency was overvalued compared to its real market value. As of February 1960, for example, the market value of U.S. dollar was more than twice of official value (Park 2009, 105). With such a multiple rate system, Koreans could increase the real value of U.S. dollars received as aid imports (Woo 1991, 63). This gap in official and market values, however, contributed to corruption prevalent in government-business relations. It was widely recognized that Korean officials and politicians had used U.S. aid for political purposes and corruption. Thus, U.S. officials viewed the quick institution of a unitary and realistic exchange rate as a fundamental requisite for the effective use of U.S. aid and economic development of Korea.

After the late 1950s, U.S. policy toward Korea began to place more importance on economic development and necessary reforms

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15. Telegram 878 to Seoul, April 23, 1960.

16. G-57 from Seoul, January 12, 1960, 895B.131, CF, RG 59, NA.

than it had done in the previous period. This was in line with the Eisenhower administration's increased attention to the growing social and economic crisis in Latin America and the Third World in general (Kaufman 1982, 209). With the advent of the Third World as another major ideological battleground against communism, U.S. concern over how to win the hearts and minds of people in that part of the globe grew. U.S. policy-makers felt the need for a showcase which could demonstrate the superiority of the U.S.-sponsored political and economic system vis-à-vis the communist system.

Also, as U.S. fiscal deficits were growing, so was the Eisenhower administration's concern over the drain of U.S. resources into foreign aid. Thus, the NSC documents of U.S. policy toward Korea in 1957 included policy objectives of lessening "ROK political as well as economic dependence on the United States" (Macdonald 1992, 23-24). NSC documents of the following years also contained the same objective of "[e]nabling the Republic of Korea to achieve a maximum rate of economic development compatible with reasonable degree of stability and present levels of essential consumption."<sup>17</sup>

However, economic development was not Syngman Rhee's top priority. Admittedly, he did not oppose economic development itself. During his government, some import substitution industries producing consumer goods such as cotton textiles, flour, and sugar grew to a certain degree. Also, in early 1960, his administration produced a three-year economic development plan, although the plan could not be put into practice because of the April political crisis.

Nevertheless, President Rhee "saw the futility of economic growth and prosperity in the absence of military security" (Kim 2001, 291; Hong 2000, 105-106). Rhee believed that "the predominantly agriculture-based economy of the ROK could not survive economically without the basic, heavy infrastructure located in the north." Unless the agricultural South was integrated with the North in terms of infrastructure, his view was that "[a]ll of the aid and help from the

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17. NSC 5817, August 11, 1958, *FRUS*, 1958-1960, vol. 18, p. 485; NSC 5907, July 1, 1959, *FRUS*, 1958-1960, vol. 18, p. 573.

United States would be useless" (Kim 2001, 131).

It is often argued that President Rhee was preoccupied with the maintenance of his regime. From his perspective, resistance to U.S. pressure for reform of the exchange rate system was also interpreted as having to do with his motivation to obtain as much capital as possible to use for political purposes (Park 2007, 235-236). This argument may be partly true, especially when we consider Syngman Rhee's final years in power (Hong 2000, 123-143). However, this domestic politics-centered interpretation contradicts the testimony of Rhee's chief economic officials. According to former Minister of Rehabilitation Song In-sang, President Rhee tried to keep the level of the government's dollar holding as high as possible because he wanted to use foreign currency for a military build-up (Song 1994, 275).

Rhee's prime goal was national unification. Even after the Korean armistice agreement of July 1953, he never gave up on the "March North" or the policy of unification by force. Of course, South Korean forces alone could not successfully carry out the "March North": U.S. military support was essential. However, another war in Korea was the last thing the U.S. wanted to see. In other words, the U.S. administration did not want Rhee's actions to alter the status quo in the Korean peninsula. Thus, for instance, NSC 5817 of 1958 wrote:

The United States should seek to ensure that the ROK does not unilaterally renew hostilities, by:

- a. Continuing to persuade the ROK to maintain its forces under the UN Command while the command has responsibilities for the defense of Korea.
- b. Continuing to make clear to ROK leaders, where circumstances necessitate, that if the ROK unilaterally initiate military operations against Chinese or North Korean forces in or north of the Demilitarized Zone, then:
  - (1) UN Command ground, sea, and air forces will not support such operations directly or indirectly.
  - (2) The United States will not furnish any military or logistic support for such operations.

- (3) All U.S. economic aid to Korea will cease immediately.
- (4) The UN Commander will take any action necessary to prevent his forces becoming involved in the renewal of hostilities and to provide for their security.<sup>18</sup>

Despite strong U.S. opposition to any military action which could ignite a war in Korea, Rhee never had abandoned the March North and his ultimate dream of national unification (Hong 2007, 76-78). For instance, in a New Year address of 1958, President Rhee explained that he was endeavoring to precipitate a moment when Korea, together with allies, could fight a war against the Communists. He also emphasized, "If the UN forces give the Korean military an opportunity to fight and only provide it with material and moral support, unification of our country will be achieved in a near future" (Shim 2001, 199-200).

Rhee was obsessive about the size of the Korean armed forces. In June 1957, President Eisenhower directed "negotiations with President Rhee for substantial reduction of ROK forces." Eisenhower believed that such reduction was essential not just for lessening the U.S. burden of economic assistance to Korea, but also for the improvement of the Korean economic situation. The U.S. government proposed a reduction of four army divisions by the end of 1958, together with a modernization program for the Korean armed forces. While welcoming the modernization program, Rhee strongly opposed the proposal for force reductions (Macdonald 1992, 23, 98-99). According to ROK Army Chief of Staff Baek Seon-yeop, "President Rhee opposes any cut in strength until Korea has been unified."<sup>19</sup>

From the U.S. perspective, as Under Secretary of State Herter remarked at a NSC meeting in August 1958, Rhee was a "human problem in Korea."<sup>20</sup> He was "failing fast," and becoming even more "impatient with the lack of progress on unification" (Macdonald

18. NSC 5817, August 11, 1958, *FRUS*, 1958-1960, vol. 18, pp. 489-490.

19. Robertson to Herter, August 6, 1958, *FRUS*, 1958-1960, vol. 18, p. 480.

20. Memorandum of Discussion at the 375th Meeting of the National Security Council, August 7, 1958, *FRUS*, 1958-1960, vol. 18, p. 481.

1992, 58). However, the popularity of Rhee's unification policy decreased among the South Korean population, as did U.S. patience. His stubborn and even hardening position over the question of unification was perceived as an obstacle to U.S. policy goals in and around Korea. Against this backdrop, when serious popular uprisings against Rhee's authoritarian regime erupted and spread in Korea in April 1960, the Eisenhower administration chose not to help the Rhee government survive the political crisis.

The April Revolution of 1960 was a transformative event. Its political significance as the first experience of political democratization in Korea's modern history is well known, but rarely noticed are its ramifications for the nature of inter-Korean relations. In fact, as a former U.S. State Department official in charge of Korean affairs admitted, "Rhee was quite right: the only short-term means of reuniting Korea was through military force" (Macdonald 1992, 58). Ironically, with the fall of Syngman Rhee, the steadfast advocate of the March North, national unification lost its urgency as a national policy goal. Although subsequent South Korean administrations did not stop using the rhetoric of unification, unification as a top-priority policy goal gave way to nation-building in South Korea only.

## The Second Republic

After the collapse of the Rhee administration, the Eisenhower administration "promptly took advantage of the change of Korean government to urge greater flexibility in approaching the unification problem." Acting President of the interim government, Heo Jeong, responded positively to the American prompting. On June 23, 1960, he avowed to foreign correspondents that the interim government would not continue the previous government's militant unification policy (Macdonald 1992, 59).

On July 29, 1960, a general election was held for the reorganized Korean National Assembly. The elections resulted in a large victory for the Democratic Party. On August 19, the National Assembly elect-

ed Chang Myon as Prime Minister of the Second Republic, and soon Assistant Secretary of State for Far Eastern Affairs Graham J. Parsons directed Ambassador McConaughy to meet with Chang and emphasized the following points: (1) the importance of “wise, energetic, dedicated leadership and administration, free of corruption and internal dissension, and responsive to people,” (2) an “effective, dedicated, incorrupt civil service, police force and military establishment,” (3) the inevitability of a reduction in U.S. aid, (4) the necessity for economic reforms such as a change in U.S. aid programme procedures in accordance with worldwide practices and the establishment of a realistic unitary exchange rate system, and (5) the improvement of relations with Japan. These points reflected U.S. policy goals in Korea that could not have been realized under the Rhee government. Thus, Parsons hoped that the embassy could “establish close and fruitful relationship with new govt. which w[ould] afford channels for both guidance and support during formative period.”<sup>21</sup>

Economic construction became the new Korean government’s top policy priority. On August 13, in his inaugural address, President Yun Bo-seon emphasized that for South Korea, a more urgent matter than unification was to escape from chaos and to become rich and strong. Prime Minister Chang also took to a policy of “unification after economic construction.” Chang and his foreign minister announced repeatedly that they would not attempt a reckless unification policy such as the March North, and would seek to follow the UN formula for unification; that is, unification through free elections under the supervision of the United Nations (Shim 2001, 230-239).

Among the Korean population, especially students and intellectuals, “hopes that tensions in Korea could be relaxed and a dialogue opened on unification” were raised high (Baron 1982, 338). One member of Chang’s cabinet attested, however, “At the time, the most urgent tasks were how to feed poor and famished people and how to accept various demands which poured out in the wake of the April 19. Frankly speaking, there was no time to spare for paying attention

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21. Telegram 152 to Seoul, August 20, 1960, *FRUS*, 1958-1960, vol. 18, pp. 687-689.

to unification" (Yi 1999, 213-214).<sup>22</sup>

The Chang government was concentrating on the task of meeting U.S. demands for economic reform. In a letter dated October 25, 1960, the Under Secretary of State Douglas Dillon suggested to the Chang government that the U.S. government would offer US\$20 million in special stabilization assistance and another US\$15 million in additional assistance. This offer, however, was conditional on the successful implementation of economic reforms by the March 1, 1961 deadline. The US\$20 million stabilization fund would be available only after a realistic unitary exchange rate had been established, and the other US\$15 million when "appropriate" steps had been taken to raise public utility rates, to normalize economic aid procedures through renegotiation of the bilateral aid agreement, and to rationalize a group of small and medium industrial plants which had been constructed with U.S. aid funds but were ineffectively managed.<sup>23</sup>

The approach represented in the "Dillon Letter" was designed to induce the Chang government to take urgent steps for economic development. The State Department officials believed that "economic improvement is basic for rallying public support of the government."<sup>24</sup> The new NSC policy paper on Korea also reflected an increased emphasis on economic development.<sup>25</sup> In comparison to the previous papers, it placed more emphasis on the social aspects of the Korean situation such as "the need for increased Korean national goals and for programs of reform and development, the problems posed by rising nationalist sentiment, and the need for increased Korean responsibility and lessened dependence upon the U.S." Also, economic objectives and policies were "made more explicit and

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22. Of course, unification continued to be an important political issue. After the elections in July 1960, various "reformist" groups and individuals in South Korea put forward a variety of unification plans such as "neutral unification" and "direct negotiation between North and South." For an analysis of these plans, see Eom (2001) and Hong (2002).

23. Telegram 382 to Seoul, October 25, 1960, 795B.5-MSP, CF, RG 59, NA.

24. Bane to Parsons, November 29, 1960, 795B.5, CF, RG 59, NA.

25. NSC 6018, November 28, 1960, *FRUS*, 1958-1960, vol. 18, pp. 699-707.

detailed, and more urgency was attached to economic development” than before.<sup>26</sup>

At the same time, the Dillon package put strong pressure on the Korean government because any failure to meet the conditions by the fixed deadline would remove the chance of obtaining the desperately needed funds. The task was daunting, if not impossible. It was “one of the broadest series of simultaneous reforms” the U.S. government had ever attempted: Wide-ranging and fundamental economic reforms had to be carried out, all within four months.<sup>27</sup> The task of fulfilling the conditions became top priority in the Chang government (Satterwhite 1994, 325). The director of U.S. aid to Korea, Raymond Moyer, reported that the series of reform measures were “fully occupying [the Chang government’s] time.”<sup>28</sup>

By the March 1 deadline, the Chang government had instituted a realistic exchange rate, thus leading to the announcement of the handing over of the US\$20 million special stabilization fund in mid-March.<sup>29</sup> Also, after some delay, the Chang administration managed to fulfil the other conditions of the Dillon Letter by the middle of April, and obtained the additional US\$15 million.<sup>30</sup> Upon completing the work as an “essential prerequisite to any sound economic program for the future,” the Chang government next turned its attention to more substantial projects for longer-range economic development.<sup>31</sup> The State Council adopted a five-year development plan on May 10, 1961, together with an agreement to put it into action at the beginning of 1962 after some more refinement (Chang 1967, 82).

Unfortunately, despite its accomplishments, the Chang government became increasingly unpopular among the population. Being

26. Bane to Parsons, December 5, 1960, 795.00, CF, RG 59, NA.

27. Telegram 942 from Seoul, January 31, 1961, 795B.5-MSP, Central Riles, RG 59, NA.

28. Moyer to Sheppard, February 6, 1961, 811.0095B, CF, RG 59, NA.

29. Telegram 955 from Seoul, February 2, 1961, 895B.131, CF, RG 59, NA.

30. Telegram 1108 to Seoul, March 31, 1961 and Dispatch 482 from Seoul, April 20, 1961, 795B.5-MSP, CF, RG 59, NA.

31. Moyer to Sheppard, February 6, 1961, 811.0095B, CF, RG 59, NA.

fully absorbed by economic matters, the government failed to pay due attention to other issues of political importance. A former official of the Chang government recalled later: "We had to simply let the people shout for political reforms and further democratization: We didn't have the time to address domestic political demands while the entire cabinet was focused so heavily on implementing the Dillon memo" (Satterwhite 1994, 329). Moreover, ironically, as the economic reforms were advanced, public dissatisfaction over the economic situation deepened. The devaluation of the Korean currency and an increase in the price of utilities contributed to sharp price increases. However, strict anti-inflation measures which were taken at Washington's insistence only slowed down economic activities and worsened the employment situation. As a result, the government came under "increasing criticism from students, labor, and often irresponsible journalism," which felt that "the reforms and improvements which should have followed upon Rhee's expulsion ha[d] been all too slow in coming about." Demonstrations had almost "become a characteristic of Korean public life."<sup>32</sup>

In the spring of 1961, the Chang government became "vulnerable on numerous fronts," and rumors of a political crisis were circulating in Korea. Ambassador McConaughy did not believe that such a crisis was in the offing.<sup>33</sup> The CIA reached a similar conclusion.<sup>34</sup> Nonetheless, opinions in Washington turned increasingly sceptical of the leadership quality of the Chang government. Walt Rostow, deputy special assistant to the President for National Security Affairs, reported to President John F. Kennedy, "All hands agree the situation in Korea is not good."<sup>35</sup>

The new Kennedy administration placed even greater emphasis on economic development than its predecessor. Kennedy and his

32. Special National Intelligence Estimate (SNIE) 42-61, "Short-Range Outlook in the Republic of Korea," March 21, 1961, *FRUS*, 1961-1963, vol. 22, p. 432.

33. Telegram 1142 from Seoul, March 11, 1961, 795B.00, CF, RG 59, NA.

34. SNIE 42-61, March 21, 1961.

35. Rostow to Kennedy, March 15, 1961, *FRUS*, 1961-1963, vol. 22, p. 428.

advisers believed that Eisenhower's foreign aid policy had failed to adequately address economic underdevelopment and political instability in developing countries because of its excessive focus on the military. In his first foreign aid message to the U.S. Congress on March 22, 1961, Kennedy stressed:

[T]he fundamental task of our foreign aid program in the 1960s is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that . . . economic growth and political democracy can develop hand in hand.<sup>36</sup>

According to Rostow, the essence of the new foreign aid strategy to meet these aims was to “shift rapidly out of defense support and special assistance into long-term development lending in places where there appear[ed] to be a basis for turn-around.”<sup>37</sup>

As one of the largest recipients of U.S. assistance and due to problems of corruption and the weak leadership, South Korea required “urgent attention.”<sup>38</sup> The Secretary of State Dean Rusk commented: “As the Korean War era recedes into history the U.S. program must put far more emphasis on development.”<sup>39</sup> Robert Komer, a member of NSC staff, also remarked, “Underlying ills and needs are economic,” arguing that “much more vigorous, imaginative U.S. action in directing and supervising ROK economic development” was necessary.<sup>40</sup>

President Kennedy was concerned with Korea in the sense that “the situation might be one in which real trouble could arise.” On May 5, Kennedy attended an NSC meeting where the decision was made to establish a Presidential Task Force on Korea, which would

36. Kennedy, “Special Message on Foreign Aid,” March 22, 1961, Staff Memo: Rostow: Foreign Aid, Box 325, National Security Files (hereafter NSF), John F. Kennedy Library (hereafter JFKL).

37. Rostow to Kennedy, February 28, 1961, *FRUS*, 1961-1963, vol. 9, pp. 204-209.

38. Johnson to Rostow, March 23, 1961, Korea: General, Box 127, NSF, JFKL.

39. Telegram 1123 to Seoul, April 1, 1961, *FRUS*, 1961-1963, vol. 22, p. 438.

40. Komer to Rostow, March 15, 1961, *FRUS*, 1961-1963, vol. 22, p. 426.

"plan to head off that contingency" of a major political crisis.<sup>41</sup>

The Task Force completed its first draft report on May 15. The draft report emphasised long-term socioeconomic development as the fundamental solution for political instabilities in Korea. It suggested that U.S. assistance policy should be adjusted further in such a way as to "give new thrust and direction to Korea society while holding out the promise over the very long run of a solution of Korea's difficult economic problems." The report also stressed that the Korean government should produce a long-range national development plan, and that in order to translate these economic and social plans into action, "government leadership [should] be firm and capable and [should] command national prestige and respect."

Unfortunately, the report pointed out that despite sincerity, good intentions, and hard work, Chang and his government did not seem to satisfy the required leadership qualities. Moreover, there seemed to be "no clearly identifiable alternative leader." Therefore, two lines of action were recommended:

Chang's leadership capacities should be developed to the maximum. . . . The United States, through appropriate informal contacts and advice, should sharpen the Prime Minister's awareness of these needs and assist him in meeting them. At the same time, we should be on the lookout for alternative leadership. We should not play an active role, either overtly or covertly, in bringing about a change of leadership unless serious signs of instability appear; but we should be prepared to support an emerging leadership group which will advance our objectives for Korea, when the local situation is ripe for change.<sup>42</sup>

41. "Editorial Note," in *FRUS*, 1961-1963, vol. 22, p. 448.

42. Report of the Korea Task Force (1st draft), May 15, 1961, Box 9, Entry 5234, RG 59, NA.

## Military Coup D'Etat

At dawn on May 16, 1961, only a few hours after the Korea Task Force had finished its first draft report, a military coup d'état took place in South Korea led by Major General Park Chung-hee and a group of colonels. Within three days, they had successfully seized power, overthrowing the nine month-old Chang government. The coup group justified the takeover as having been necessary to restore social order and to rescue the country from economic distress and threats of communist subversion. It also criticized the Chang government's incompetence.

The U.S. agencies in Korea immediately responded to the coup. The UN Commander General Carter Magruder and Chargé d'Affaires of the U.S. Embassy Marshall Green respectively issued statements which clearly objected to the coup. However, policy-makers in Washington took a cautious approach. Kennedy was "disturbed by the Green-Magruder statements" and "cautioned against further comment."<sup>43</sup> Even the State Department, which had some sympathy with the Chang government, adopted a "cautious attitude of wait-and-see" rather than strong commitment to its protection.<sup>44</sup>

Washington's cautious approach was due to its understanding of the Korean situation. Although the coup itself was not anticipated, Washington's prior awareness of potential dangers in the precoup period led it to the conclusion that the coup had been inevitable, and that, therefore, the U.S. government should not hastily oppose the coup in public without awaiting further developments of the situation. They could also justify such inaction by claiming that suppressing the coup itself would not solve Korea's political instability, which had arisen from the more fundamental problem of socioeconomic underdevelopment. Indeed, many members of the Korea Task Force at the beginning of the coup were of the view that "the time for supporting democratic principles had

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43. *FRUS*, 1961-1963, vol. 22, p. 452, fn. 2; p. 455, fn. 1.

44. Telegram 1316 to Seoul, May 16, 1961, *FRUS*, 1961-1963, vol. 22, pp. 455-456.

long passed."<sup>45</sup> Furthermore, considering that the coup was irreversible, Washington officials hoped for the emergence of a leadership stronger than that of Chang's.<sup>46</sup>

That understanding also provided the basis for the U.S. policy towards the new military government. The final report of the Korea Task Force puts it, "The overthrow of the Chang Myon administration does not change many of the underlying political and social elements of the Korean situation."<sup>47</sup> In contrast, the Kennedy administration was "somewhat more confident about [the new military regime's] capabilities, at least to initiate reform measures, and less confident of [its] intentions."<sup>48</sup> Based on these considerations, the Kennedy administration decided to cautiously support the junta and, especially, its pursuit of long-term socioeconomic development. In return, the junta was required to take certain actions including formulation and implementation of a National Development Plan and anticorruption program, and consideration of the preconditions for the eventual return to civilian rule.<sup>49</sup>

However, U.S. doubts about the junta remained, especially in relation to the junta's intention over the unification question. Right after the coup, Park Chung-hee's and some other junta members' possible Communist connections had alarmed U.S. officials. In a couple of months, however, the Kennedy administration concluded that the coup might not have been Communist inspired or directed. According to the CIA, "a greater danger" was "the possibility that the coup group might, through naïveté, be led to believe that unification with the North [wa]s both feasible and desirable."<sup>50</sup> The new

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45. Donald S. Macdonald, Oral History Interview, Georgetown University Library, January 25, 1990, pp. 28-29.

46. Jones to Cleveland, May 19, 1961, 795.00, CF, RG 59, NA.

47. Presidential Task Force on Korea, "Report to the National Security Council," June 5, 1961, Box 127, NSF, JFKL.

48. Memo by Johnson, June 6, 1961, *FRUS*, 1961-1963, vol. 22, p. 470.

49. Record of National Security Council Action No. 2430, June 13, 1961, *FRUS*, 1961-1963, vol. 22, pp. 485-486.

50. Johnson to Rostow, June 28, 1961, *FRUS*, 1961-1963, vol. 22, p. 491.

ambassador to Korea, Samuel D. Berger, who came to Seoul in June 1961, also reported later:

[The coup leaders] had a deep longing for the unification of North and South Korea and believed in the early months after the coup that the North Korean military might be persuaded to follow their example and overthrow the communist regime as they had the regime in the South. The two military regimes might then merge and govern a reunited Korea on the basis of something between communism and capitalism.<sup>51</sup>

Of course, given South Korea's economic, military, and diplomatic dependence upon U.S. support, it was unlikely that the military regime would venture running against U.S. opinion and attempt direct contact with North Korea. More importantly, however, this U.S. concern indicated Washington's aversion to abrupt change in the *status quo*, i.e. the division of Korea.

Indeed, the Kennedy administration did not take the possibility of Korean unification into serious consideration. The final report of Korea Task Force, which would serve as a blueprint for the Kennedy administration's Korea policy, contained no discussion of unification. It only pointed out that unification "probably cannot be realized in the absence of a change in the general international situation" and, therefore, that "pending unification . . . the U.S. objective is to protect and foster the democratic growth of the Republic of Korea in the south." As mentioned earlier, the Kennedy administration's primary focus was economic development in South Korea.<sup>52</sup>

An intelligence estimate prepared by the CIA touched upon unification marginally: "In its push to unify Korea under communist control, the North Korean regime will continue to depend primarily on subversive tactics and propaganda appealing to nationalistic senti-

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51. Samuel D. Berger, "The Transformation of Korea, 1961-1965," January 7, 1966, Box 305, Entry 5026, RG 59, NA.

52. Task Force on Korea, "Report to the National Security Council," June 5, 1961, pp. 12-13.

ment and stressing the economic benefits of unification." Threats from the north, however, were not considered as serious as threats within. "The greatest threat to South Korea . . . comes from within South Korea," concluded the CIA. South Korea's sociopolitical instability and its less developed economy than the North were understood as more fundamental problems than North Korean propaganda itself.

By the end of 1961, the Kennedy administration's initial suspicion and somewhat equivocal attitude towards the military government were replaced by explicit support. On October 28, Ambassador Berger commented that, despite the absence of positive popular enthusiasm, it was "nonetheless a genuine revolution from the top trying to introduce sweeping reforms of a most fundamental kind." If a stable political environment could be maintained over a few years, the economy was likely to grow rapidly.<sup>53</sup> Subsequently, Kennedy invited Park to Washington, publicly confirming U.S. endorsement of the junta. In his meeting with Park on 14 November, Kenney also affirmed the "maximum support possible" for Korea's long-term economic development and security.<sup>54</sup>

In his book, *The Country, the Revolution, and I*, first published in early 1963, Park Chung-hee wrote, "Unification of the Fatherland is something to remember whether one is asleep or awake! A brighter future for Korea lies only in the unification of our new divided people." He also emphasized, however, "[W]e must pay more attention to the establishment of a firm internal position in order to cope with any sudden external changes. One sure way to ultimate unification is to place our political, economic, social, and cultural systems on a sound basis." In other words, Park believed that "strong political stability, a new social order, and the determined concentration of our power in the field of economic improvement" were essential "in

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53. Telegram 640 from Seoul, October 28, 1961, *FRUS*, 1961-1963, vol. 22, pp. 522-526.

54. Memo of conversation, November 14, 1961, *FRUS*, 1961-1963, vol. 22, pp. 535-539.

order to win ultimate victory against communism” (Park 1970, 164).

Park’s approach of “unification after economic development” closely corresponded to U.S. policy. Of course, Chang Myon also had pursued such an approach. In comparison to the Chang government, however, Park’s military regime received more U.S. support because of its pretence of strong leadership. The Kennedy administration believed that strong leadership was a critical element for successful modernization and nation-building in underdeveloped countries such as South Korea. With U.S. support, Park Chung-hee kick-started South Korea’s rapid economic growth (Brazinsky 2007).

One of less-recognized by-products of this process was that unification was sidelined from policy agenda in both Seoul and Washington. Of course, rhetorically, unification was still an ultimate goal. Nevertheless, policy-makers in both countries did not believe that unification could be achieved in the foreseeable future and, therefore, that it should be pursued vigorously. Instead of aiming at unification, policy-makers intended to strengthen South Korea’s position vis-à-vis North Korea. In this way, South Korea began to be treated as a separate unit and division took deeper root.

## Conclusion

South Korean political changes in the early 1960s were closely connected to international politics. In particular, U.S. policy towards Korea set the boundaries within which Korean politics and national policy evolved. Of course, this does not mean that the U.S. government interfered with South Korean domestic affairs constantly. Washington was afraid of arousing accusations of U.S. intervention in domestic matters of Korea. However, South Korean policies which did not correspond closely with U.S. interests and policies could not last long. In this sense, the United States was a structural cause that broadly defined the scope of South Korea’s national policy.

The fate of the Syngman Rhee government and its March North policy was one of the most important cases in point. For President

Rhee, national unification was the most important national goal, and should be achieved immediately by using force. Rhee's militant policy, however, could not be accepted by the United States. In the mid-1950s, the Cold War between the United States and the Soviet Union stabilized. Reflecting this trend, the U.S. policy towards the Korean peninsula began to emphasize stable management of the division, opposing "the change in the status quo that reunification of divided Korea would entail" (Khil 1990, 95-96). Also, the United States began to put increasing emphasis on economic development of South Korea. Yet, again, President Rhee did not agree because he believed that economic development could be meaningful only for a unified Korea. Against this backdrop, when massive popular demonstrations against the Rhee government erupted in April 1960, Washington chose not to extend a helping hand to Rhee.

After the collapse of the Rhee administration, unification virtually disappeared from South Korea's top policy agenda, giving way to economic development. Of course, this new emphasis closely corresponded to U.S. policy. The democratic government of Prime Minister Chang Myon undertook economic reform demanded by the U.S. government. Chang's weak leadership, however, worried U.S. policymakers. When a military coup broke out in May 1961, the U.S. administration quickly adjusted in favour of the junta. Park Chung-hee and his military government seemed to be equipped with strong leadership which would be able to inject discipline and order into Korean society.

Obtaining Washington's recognition and support, the Park government vigorously pursued nation building in South Korea. For U.S. officials, the new Korean government's performance was impressive enough to comment, "The May coup was not merely a grab for power by opportunist or self-seeking military leaders. . . . [I]t was a far more a genuine attempt at revolutionizing Korea."<sup>55</sup>

It is important to understand the nation-building project in South

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55. Samuel D. Berger, "The Transformation of Korea, 1961-1965," January 7, 1966, Box 3015, Entry 5026, RG 59, NA.

Korea with reference to the broader context of the Cold War in the Korean peninsula. For Park Chung-hee, economic development was a necessary step towards preponderance vis-à-vis North Korea. Only from a position of strength, he believed, could national unification be sought. In other words, economic development was pursued as another way of confronting North Korea. In the meantime, notwithstanding the rhetorical emphasis on unification as an ultimate national goal, in both Seoul and Washington, unification was relegated to a goal of marginal importance for the distant future.

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