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OFFICE OF THE SECRETARY OF DEFENSE

July 1, 1969

MEMO FOR CAPTAIN WELSON

As you requested, I enclose a copy of
Chapter I of the Korea Study: the Program
Memorandum section, which, in effect, summarizes
the Study.

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Earl C. Ravenal
Director, Asian Division

Enclosure

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KOREAN PROGRAM MEMORANDUM (DRAFT)

CHAPTER ONE

FORCE AND PROGRAM ALTERNATIVES

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Contents: Decisions, p. 1; The setting for US policy, p. 3; US goals with respect to Korea, p. 4; Alternative program packages, p. 5; Preliminary program evaluation, p. 17; Variants on the program alternatives, p. 23; Observations on implementation, p. 45.

SECTION 1: KEY DECISIONS

The United States is at a turning point with respect to Korea. A number of major policy decisions are in the offing which could alter fundamentally the US-Korea relationship. These decisions could be made individually, as circumstances demand, with a view toward stabilizing our current policy, which centers on direct employment of US forces. Alternatively, taking cognizance of the growing strength of Korea and other Asian countries, our actions vis-a-vis Korea could indicate a policy of increased Asian self-reliance, at least for lesser-power conflicts. Either way, the high cost implications and the strong interactions between various programs -- US deployments, military assistance, economic aid, and other US expenditures -- argue for viewing them in the broadest perspective and in relation to each other.

The more immediate actions and decisions concern:

(1) North Korean Infiltration and DMZ Incidents -- Should the US endorse and support the Korean plan to meet NK provocative incidents, including arming a two million man militia (costing about \$26 million) and developing an integrated counter-infiltration system for the DMZ and coast line (costs ranging from \$20 to \$150 million)?

(2) US Land Force Deployments and Readiness -- Should the US move toward stabilizing current deployments by improving the readiness of our two divisions in Korea, increasing their strength by 8,500 to 13,100 (costing another \$140-\$220 million annually)?

(3) US Tactical Air Force Deployments to Korea -- Should the US continue to maintain the present temporary air augmentation to Korea -- 151 aircraft -- at an added marginal cost of approximately \$20 million annually?

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JCS 3.3(b)(6), (9)

OSD 3.3(b)(6)

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(5) Economic Aid to Korea -- Should the current US aid phase-out schedule be maintained or interrupted (this schedule entails phase-out of supporting assistance in 1969 and development loans in 1972; PL 480 and technical assistance would continued)? Should the preferential position of Korea with respect to US textile purchases be altered, as has been suggested informally?

In addition to these more immediate decisions, others, larger and more far reaching, also bear consideration in the near future. They concern:

(1) ROK Land Force Improvement -- Should the US endorse and assist in modernizing the current level of ROK forces (costing up to \$950 million in new equipment and entailing about \$135 million annually in foreign exchange for operating expenses after 1974)?

(2) ROK Air Force Developments -- Should the US assist the ROK to develop an air force capable of contending with the North Korean air threat (costing from \$375-\$875 million for modernization and entailing \$74-\$176 million annually in foreign exchange for operating costs)?

JCS 3.3(b)(6)

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SECTION 2: THE SETTING FOR US POLICY

There are reasons for viewing Korea with optimism. Since 1963, when the Park government was ratified by a close vote, Korea has seen steady improvements in economic performance, military strength, political effectiveness, and international stature. The economy has grown by some ten percent per year, inflation has been controlled, and exports have surged. Improvements in military capabilities have been confirmed by the strong performance of the two ROK divisions in Vietnam; the country's first expeditionary force provides evidence that ROK forces might well assume a larger defense role at home, at least against North Korean attacks. The growing confidence of the regime was also demonstrated in 1965 by the "normalization" of Korean relations with Japan. ROK contributions to the SVN conflict, combined with Korea's progress on a broad front, have served to shift Korea's relationship with the US from dependence toward partnership.

Despite these developments, for some observers Park's handling of his 1967 re-election suggests that Korea had not matured politically. Though assured of victory over a weak opposition, the Park regime discredited itself by visible election irregularities. Moreover, with victory in hand, the regime took repressive measures against the opposition leadership. If this tendency continues, the 1971 presidential election may become a major test of the South Korean political system: It could result in a constitutional amendment permitting a third-term bid by President Park, an orderly transfer of power to a successor, or abandonment of the constitutional process.

Another factor of concern is the stance of North Korea. The stated political objective of the North is to reunify the Korean peninsula under a Communist regime. To achieve this objective, North Korean Premier Kim-Il Sung appears committed to a strategy of "revolutionary struggle" in South Korea, and his campaign will probably continue to include harassment of the DMZ area and armed infiltration of rear areas. However, because of the strength of the ROKG, the consensus is that North Korea is unlikely to establish guerrilla bases in South Korea or to develop significant political support among the people. Nevertheless, the self-confidence of the Korean government and the confidence it gains from the people will depend substantially upon success in coping with incursions from the North.

Perhaps the most important element affecting US/Korea programs is the evolving US role in Asia. Neo-isolationist sentiment in the US has given rise to doubts about the long-run US commitment to Asian security. The US response to the EC-121 incident failed to reassure the Koreans on the firmness of future US reactions to North Korean affronts. The impending renegotiation of the US security treaty with Japan and its possible implications for the US military posture in Okinawa add to the uncertainty. Korea may also feel uncomfortable with its dependence upon US decisions in Vietnam for the vindication of its first regional security undertaking. This line of questioning assumes increased importance when it is recognized that the ROKG will remain heavily dependent on the US for the severest contingencies and will probably continue to judge US reliability not only by US actions in Korea but in the rest of Asia as well.

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SECTION 3: US GOALS IN KOREA

The US goals set forth in the original terms of reference for this study taken from the study "US Policy Toward Korea" served as a guide for the alternative programs. The goals are: (1) To prevent large-scale North-South hostilities; (2) To maintain a stable compromise among the great powers with interests in Korea; (3) To keep South Korea out of hostile hands; (4) To increase ROK ability to defend itself; (5) To promote South Korea's economic development and political stability; (6) To encourage Japan to make a greater contribution to the security and prosperity of the ROK. The first four, which have direct program implications, can be met without jeopardizing economic development, political stability, or an increased Japanese role in Korea.

There are many ways to meet these goals. In this analysis program alternatives have been developed for US deployments, ROK land and air force improvement, US air forces, ROK naval forces, US/ROK logistic supplies, ROK combat service support, counter-infiltration and economic aid. Two policy perspectives are useful in providing a conceptual framework and giving coherence to program decisions. We have called these alternative program packages "policy continuity" and "accelerated self-reliance." Both are based on the same evidence, but the emphasis given to certain factors has been changed. Each is a way of viewing the current situation in all its complexity. Each has been presented in its most favorable aspect with a tone of advocacy.

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SECTION 4: ALTERNATIVE PROGRAM PACKAGES

4.1 Program Package One: Policy Continuity

Policy and Strategy. The present US national policy and recent US statements of interest toward Korea and other countries of the region form the basis for the current policy of containment. Uncertainties surrounding the future course of events in Asia and the effect they may have on US interests and policy preclude any major changes to the present policy. These uncertainties include: (a) Where North Korea's increasing irresponsibility and aggressiveness may lead; (b) What support, tacit or otherwise, the USSR and Communist China will continue to provide to NK in view of NK's belligerency; (c) How the South Koreans will view a settlement of the Vietnam war as an indicator of the credibility of the US commitment; (d) What base rights in Asia the US will need to support its future regional security posture (in the aftermath of base rights renegotiation with Japan); (e) How ROK domestic political developments will affect ROKG stability and effectiveness.

In this context, US statements and actions relating to Korea should create no confusion about our willingness to continue supporting the ROK. The present US force deployments and military assistance levels are essential for communicating this support. This does not rule out US recognition of Korea's progress or its aspiration toward self-reliance. However, the Koreans should be assured that no substantial changes in US policy or strategy will be made, at least in the foreseeable future.

US Force Deployments, Grant Assistance and Diplomacy

Unless there is a fundamental, considered, and explicit change in US policy and strategy, our military presence in Korea and our military assistance planning levels should remain unchanged. The two US Army divisions in Korea should remain in essentially their present deployment. Periodic COMUS based troop training airlifts would be conducted. US air strength would also remain at about present levels, at least until the North Koreans become more predictable.

OSD 3.3(b)(6)

JCS 3.3(b)(6)(9)

US use of ROK bases would be oriented primarily toward Korean defense, though the US might seek to increase the utility of the bases for the regional security role through training exercises and routine operations.

In the present domestic political climate, substantial increases in US military assistance for Korea do not appear realistic. Therefore, the best that could be expected is maintaining present MAP levels for the next 3-5 years; this would include some modernization. Additional modernization would depend on supplemental appropriations to improve conventional warfare

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and counter-infiltration capabilities. With respect to economic assistance, in order to further the disengagement of US advisors from internal ROK affairs the US would continue the planned phase-down of economic assistance. We would continue to urge the ROKG to use the ample foreign exchange earnings from invisible and growing exports to improve the long-run competitive strength of its export sector. Other issues, over which military and economic assistance might furnish leverage, would be treated discreetly (such as President Park's third term).

Program Implications

a. US Land Forces. US land forces totalling 52,300 are now deployed to Korea: The deployments consist of: (1) 2nd Division on the DMZ, (2) 7th Division in reserve; (3) separate air defense units; (4) [REDACTED] The units have been largely at 80% strength since 1965, the remainder of the personnel coming from Korean augmentations (KATUSA). These forces would be maintained in Korea during the program period, FY 70-74, at an annual cost of \$876 million. It has been proposed at times that the manning level be brought to 90%, the Koreans being replaced by US troops. This would entail increasing US forces by 8-12,000, raising costs by \$140-\$220 million per year. (Total US costs are indicated in Table 4-2 on page 10)

OSD 3.3(b)(6)
JCS 3.3(b)(6),(9)

b. ROK Ground Forces. ROK land forces consist of 19 1/3 Army and 1 1/3 Marine Divisions: 1/3 Marine and 2 Army divisions are currently in SVN, the remainder are deployed to defend along the DMZ against either an NK or an NK/CPA attack. Another three ready reserve divisions and seven rear area security divisions exist in the reserve forces. The current MAP program would make available \$467 million in FY 70-74 for ROK land forces; however, only about \$93 million (about 20%) of this total could be used for modernization -- the remainder is needed for spare parts to keep current equipment operating. ROK budget costs for the CY 70-74 period would be US \$1,120 million.

c. US Air Posture. The presence of US aircraft in Korea can help to deter North Korean belligerence while providing a greater range of response options to incidents such as the PUEBLO crisis. The present 151 aircraft deployment would cost about \$98.0 million extra to maintain in Korea rather than COMUS through 1974, though a lesser force (36-48 aircraft costing \$27-35 million) appears preferable. Priority should be placed on providing additional hardened airfields sufficient to accommodate the large-scale US air augmentation that would be needed to counter an all-out North Korean attack. * No funds are available for such construction yet.

* See Section 3, Chapter III, for airbase requirements.

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d. ROKAF Air Posture. The present MAP FY 70-74 plan incorporates modest improvements to the ROKAF aircraft inventory at a cost of about \$146 million. This force will remain inferior to the NKAF and reliant upon the US for assistance to counter a major attack. The ROKAF has experienced difficulties retaining qualified technical personnel, and new tactical aircraft should be easily maintainable types such as F-5s and A-37s. Provision of a squadron of complex F-4Ds, scheduled to commence in August, 1969, is inconsistent with this experience. ROK budget costs for the CY 70-74 period would be about \$170 million.

The most pressing problem is the insufficient airbase infrastructure. The present program also includes \$59.9 million (DoD funds) for airbase hardening. One program for constructing new bases and upgrading existing facilities would cost \$104 million above the current program (see Alt. C, Sections 1 and 5, Chapter III) to accommodate both the ROK and a modest US air augmentation. Additional hardening for POL, aircraft and munitions would cost another \$10-12 million. Inadequate existing point air defense might be improved by providing fourteen batteries of 40mm and caliber .50 anti-aircraft guns at a cost of \$38 million.



OSD 3.3(b)(4)
JCS 3.3(b)(6), (9)
DoE 6.2(a)

f. Infiltration. US military aid can increase the Korean capability to defend against North Korean infiltration. The most cost-effective form such aid might take is to provide simple small arms for the entire Homeland Reserve Force (which would probably cost something in the neighborhood of \$26 million, but would cost less or more depending on the availability of used but serviceable rifles and carbines). If further improvement is desired, \$20 million could be spent on communications, mobility, and modern small arms for the ROKA counter-infiltration battalions. If the situation shows signs of deteriorating, another \$40 million could be spent strengthening the infiltration barrier along the coasts and DMZ. Decisions for these higher levels of counter-infiltration expenditures (which total \$184 million) need not be made in the present situation, but such decisions may be necessitated by future events.

g. Naval Programs. The ROK Naval force would be maintained at its present size and expenditures would be limited to normal operations and up-keep. This would provide the ROK with a force of 105 ships and major patrol vessels. While this would avoid costly expenditures for investment in new equipment, operating expenses would continue to rise. Major deficiencies in electronics equipment, communications and armament would limit the effectiveness of the force and would provide a questionable capability to meet the North Korean threat. Current on-going programs for force improvement

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which include replacement of obsolete patrol craft and the MSC(O)s would be halted. This would entail no MAP investment funds, \$23 million per year in ROK defense budget costs (FY 70-74 costs - \$115 million) and about \$12-\$14 million (FY 70-74 total - \$64.2 million) in operating parts (foreign exchange) provided through MAP.

h. Economic Aid. The aid termination schedule is feasible in the sense that the Korean economy will continue to grow at a satisfactory pace after the termination. The loss of foreign exchange sales to Vietnam as the conflict there subsides will allow the growth rate, but probably not below 7-8% per year, other things being constant. The current termination schedule is summarized in Table 4-2.

Given Korea's relative lack of natural resources, exports of manufactured products will continue to be more vital than in most countries. This is a case where the US trade and aid policies are inescapably linked. Imposition of textile import quotas against Korea, for example, could alter optimistic forecasts and extend significantly the period of Korea's dependence on concessional foreign assistance.

In the 1970's, the Korean budget can sustain military expenditures on the order of 5.0% to 6.0% of GNP, if necessary, without reducing the economy's growth rate to unacceptable levels. By both Korean and international standards, the tax burden could also be increased. These budgetary levels imply that some of the foreign exchange costs of the military can be shifted to the Korean budget: up to approximately \$125 per year in 1974. These assessments are made purely in terms of revenue availability and the impact on GNP of additional foreign exchange expenditures; political considerations may temper these judgments (see Table 4-1 below).

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TABLE 4-1

ROK DEFENSE BUDGET CAPABILITIES 1/
(Million \$, 1968 prices)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
<u>Capabilities</u>					
Total Defense Budget Capability	472	487	492	497	528
Maximum For. Exchange for military imports	20	40	75	100	125
<u>Requirements for Present Defense Budget</u>					
Local Currency	257	303	329	362	399
ROK For. Exch 2/	11	16	24	33	38
<u>Potential add'l ROK For. Exchange</u>	(9)	(24)	(51)	(67)	(87)

1/ See Section 1, Chapter VI for detailed explanation of force costs.

2/ Assumes reinstatement of MAP transfer in FY 70.

1. Total Program. The total US Korean oriented programs are summarized in Table 4-2 on the next page. For reasons to be discussed in Sections 5 and 6 below, it may be desirable to modify certain aspects of this program. Two such variations, "Increased Readiness" and "Reduced U.S. Presence" are formulated in paragraph 6-8 below (see tables 4-2A and 4-2B on pages 40 and 41, respectively).

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TABLE 4-2

US KOREA PROGRAM PACKAGE ONE - POLICY CONTINUITY^{1/}
 (Major Program Costs in \$ US Million at 1968 Prices)

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	Personnel (FY 73)	FY 70	FY 71	FY 72	FY 73	FY 74	One-Time Costs	Major Budget Category	
								FY70-74 Total	AID/MAP
Defense Support									
ROK Support^{2/}									
Land		102.0	100.3	98.8	85.9	80.0		467.0	467.0
Air		28.8	28.4	29.8	26.2	34.6		149.8	145.8
Naval		10.7	13.1	14.2	12.2	14.0		64.2	64.2
Logistic Supplies							787.0	787.0	787.0
Counterinsurgency							36.9	36.9	36.9
Other MAP/GIS Prog.		18.5	20.2	17.2	15.7	21.4		83.0	83.0
Subtotal		160.0	160.0	160.0	140.0	160.0	843.9	1,603.9	816.9
US Forces									
Land ^{3/}	52,370	875.6	875.6	875.6	875.6	875.6		4,378.0	4,378.0
Air ^{4/}	5,700	33.1	33.1	18.8	18.8	18.8		122.6	122.6
Naval ^{4/}	215	3.6	3.6	3.6	3.6	3.6		18.0	18.0
MAAG	1,275	21.4	21.4	21.4	21.4	21.4		107.0	107.0
Logistic Supplies									
Construction							60.5	60.5	60.5
Subtotal		933.7	933.7	919.4	919.4	919.4	60.5	4,686.1	4,686.1
TOTAL DEFENSE SUPPORT	59,560	1,093.7	1,093.7	1,079.4	1,039.4	1,039.4	206.4	6,299.0	5,472.1
Economic/Political Support									
Budget/OPF Support									
Supporting Assistance		15.0	-	-	-	-		15.0	15.0
Development Loans		30.0	25.0	20.0	-	-		75.0	75.0
PL 480, Title I & II		54.0	58.0	53.0	38.0	27.0		230.0	230.0
Other (TC, etc.)		4.0	4.0	3.0	3.0	2.0		18.0	16.0
Subtotal	50	103.0	87.0	76.0	41.0	29.0		338.0	336.0
Political Development									
USIA	20	.9	1.0	1.1	1.1	1.2		5.3	5.3
Peace Corps	320	.8	.9	.9	.9	.9		4.4	4.4
Other		(.)	(.)	(.)	(.)	(.)			
Subtotal	340	1.7	1.9	2.0	2.0	2.1		9.7	9.7
TOTAL E/P SUPPORT		104.7	88.9	78.0	43.0	31.1		345.7	355.7
US Operations Support									
Department of State		2.5	2.7	2.9	3.0	3.1		14.2	14.2
CIA		(.)	(.)	(.)	(.)	(.)		(.)	(.)
Other		(.)	(.)	(.)	(.)	(.)		(.)	(.)
TOTAL US OPS Support		2.5	2.7	2.9	3.0	3.1		14.2	14.2
TOTAL US PROGRAMS		1,208.2	1,185.3	1,160.3	1,105.4	1,093.6	206.4	6,649.2	5,472.1

- 1/ Cost estimates are treated in much greater detail in Chapters II - VI below. Many variations are possible - see Section 4, this chapter.
 2/ These MAP estimates assume no increase in ROK military purchases. As a minimum, the MAP transfer program set aside when ROK troops deployed to SVN could be reinstated.
 3/ Includes direct and indirect costs associated with US troops. Phase-out begins in FY 72 and is concluded in FY 73: All cost reductions have been set forward into FY 73. Units could be maintained as reserves for \$ million p.a. more.
 4/ Includes only direct costs, above those needed to maintain the same forces in COMUS.

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4.2 Program Package Two: Accelerated Self-Reliance

Policy and Strategy. South Korea's growing strength, military, political and economic, is forming the basis for fundamental changes in US-ROK bilateral relations. The Koreans desire and can assume a larger role in their own internal affairs and in defense planning directed against the current NK threat. These developments, coupled with a need to increase US flexibility in meeting security commitments in Northeast Asia, point toward establishing a new US/ROK posture. This posture would be designed to accelerate ROK self-reliance: The Koreans would be assisted in developing both the capability and the confidence to assume responsibility for all contingencies, except a CPR-supported invasion. This posture would evolve over approximately 3-5 years and be keyed to: (1) modernization of ROK forces and (2) return of ROK forces in Vietnam, followed by (3) a redeployment of some US forces from Korea. The ROK would continue to rely on US logistic support and perhaps air power.

The US commitment to South Korea would remain unchanged. Our public statements would emphasize that the most effective way to deter Asian aggression is to encourage an Asian answer, e.g., to see the ROK meeting the threats of North Korea in their way. We would make clear that US involvement in Korean defense would continue because of the pivotal position of the ROK in Northeast Asia regional security; however, to permit ROK responses to these threats, the US-ROK bilateral relationship on defense problems would be made more flexible. This posture would be evolved over a period of years so that none might misconstrue the new relationship. Accordingly, any mutually agreed-to timetable for this evolution should permit adjustment to unforeseen developments, such as increased NK aggressiveness, ROK political instability and US base posture after Vietnam and the negotiations about Okinawa.

JCS 3.3(b)(6),(9)
OSD 3.3(b)(6)
US Force Deployments, Grant Assistance and Diplomacy.

This would require a gradual dissolution of the present UN Command arrangements, e.g., the UN Command might be transformed into an Armistice Supervisory Commission. ROK forces would revert to full ROK command and US and ROK roles and missions would be differentiated:

JCS 3.3(b)(6),(9)
US air and ground force units would be deployed to Korea frequently with a token combat strength remaining in-country on a temporary basis at all times to make clear our quick reaction capability. Substantial stocks of unit equipment and consumables would also be maintained at Korean bases.

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The sequence in the evolution of the US ground force posture might be: (a) replace US on the DMZ with ROK units; (b) begin rotating US units (while still stationed at Korean bases) in at least brigade strength to other US base areas in the Pacific or to CONUS; (c) remove one US division from Korea when ROK units have reached a pre-determined level of modernization (the division remaining may require augmentation); (d) upon return of one ROK division from Vietnam, reduce remaining US combat forces in Korea to one brigade; (e) upon return of second ROK division, remove remaining US combat forces, [redacted] support group, and MAAG. A comparable sequence would be pursued in the evolution of the air force posture. Moreover, with the change in UN Command responsibilities, explicit US base rights may have to be negotiated, in order to permit free movement of US forces through, into and out of specified Korean bases and to provide for the stationing of substantial permanent US maintenance and caretaker forces.

OSD 3.3(b)(6)
JCS 3.3(b)(6), (9)

Currently, a disproportionate share of our Korea oriented funds go for maintaining the US presence -- present US Korea deployments, if maintained, would cost \$4,515 million in FY 70-74, whereas existing MAP plans involve only \$760 million. Clearly, by reducing the size and cost of this US force, more than enough funds could be generated in the next five years to accomplish a ROK land and air force modernization program costing an additional \$600 million (above the present \$760 million program -- total \$1,360 million). Such a program would furnish the ROK with modernization forces adequate for defense against NK land, air, and naval attacks and an initial land force defense capability against a combined CPR/NKA attack. Of this \$600 million, the US share could be reduced by \$240 million and funded by the ROKG during 1970-74, without jeopardy to the growth of the Korean economy or its balance of payments, on the basis of current economic projections. This conclusion would hold even if the US continues with the planned phase down of economic assistance.

Program Implications

a. US Land Forces. As the ROK forces are modernized and redeployed, both US divisions would be withdrawn from Korea. [redacted] an enlarged MAAG (2000); and perhaps cadre for prepositioned equipment would remain. For illustrative purposes, we projected completion of this withdrawal before FY 73; however, it is conceivable that only one division could be withdrawn in the program years (FY 70-74). The annual cost of the residual force would be \$46 million; if one division also remains, at 90% manning level, another \$436 million per year would be entailed.

OSD 3.3(b)(6)

JCS 3.3(b)(6), (9)

b. ROK Land Forces. The ROK land forces would be modernized beginning in FY 70. The object of the modernization would be ROK self-defense against an NKA attack, even if the NKA is reinforced by up to 380,000 CPR combat forces. Sixteen modernized ROK divisions would suffice for this objective. The land force modernization and improvement program for the ROK would include: (a) firepower modernization for sixteen elite divisions; (b) increases in support

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capabilities by filling equipment shortages in the existing support units; and possibly, (c) increases in the support structure so that ten ROK divisions could be fully engaged at any one time. The first two components of this program would entail MAP or (FMS) investment of about \$904.4 million. After FY 74, the ROK needs for spare parts and other operating expenses would come to about \$77 million per year, as compared with \$84 million per year for the current program -- the reduction being accounted for by newer equipment.

c. US Air Posture. The 151 USAF aircraft remaining in the ROK from the PUEBLO crisis deployment would be reduced to two squadrons (36 airplanes) in FY 70-72. Air Force MAAG personnel would remain at present levels to assist ROKAF modernization, while support forces could be reduced 80% by FY 73. Maintaining a 36 aircraft deployment in Korea would cost about \$5.3 million per year over CONUS basing, or \$25.4 million for the FY 70-72 period. MAAG and USAF support personnel would cost about \$28 million for the five years. Since it appears infeasible to build up the ROKAF to full parity with the North Korean air force within the time frame considered, a hardened airbase infrastructure would be created and maintained sufficient to accommodate a rapid US augmentation of 575-1600 aircraft, depending on the scale of conflict (see Chapter III, Section 7). Construction of new airbases with hardened shelters for aircraft, POL and munitions would cost at least another \$160 million. Total USAF (DoD) costs would be about \$230 million.*

d. ROKAF Air Posture. Attempting to build-up the ROKAF to full parity with the North Korean Air Force by FY 72 appears impractical for several reasons: (1) the US costs could be prohibitive: up to \$1.1 billion; (2) implied expansion would be so rapid as to degrade seriously interim ROKAF effectiveness; (3) a build-up of this magnitude might prompt the Soviets to strengthen further the NKAF beyond present projections.

Continuation of the present MAP aircraft modernization program will cost about \$197 million by FY 74. Accelerated improvements emphasizing mission diversity and ground attack capability (Alt C) would add \$244 million to MAP aircraft acquisition and operating costs. Under the modernization alternative, the ROKAF remains somewhat dependent upon US air support to cope with an all-out North Korean attack. In addition to the airbase infrastructure improvements already mentioned, ROKAF point air defenses would be improved by providing 224 40mm and 112 caliber 50 guns for airbases and ACSM sites at a cost of \$34.8 million (ROKA). Total ROK costs for the CY 70-74 period would be about \$260 million.

* Alt. C for basing infrastructure and Alt. II for US air posture.

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OSD 3.3(b)(6)

f. Infiltration. The land and air force modernization program called for under this policy would in itself increase ROK capability to resist infiltration. An additional \$26 million to provide simple small arms for the Homeland Reserve Force and \$20 million to provide better communications, mobility, and arms for counter-infiltration battalions would still be worthwhile. Counter-infiltration expenditures in excess of this should probably be left to the ROKG.

g. Naval Programs. The ROK Navy would keep its present ships, but improvements would be made in electronics and communications equipment and in armament. Although there would not be a significant rise in the number of personnel required or a change in operating costs, the efficiency of the present force would be greatly improved. Normal scheduled improvements in the CINCPAC MAP Plan would be included.

The communications improvements envisioned would include single side band equipment as well as VHF, FM and teletype equipment. The major electronics improvements include replacement radar, sonar and IFF and fathometer equipment. ECM equipment would be provided for the three destroyer escorts. The major armament improvement would be gunfire control systems for the present armament on the major ROKN ships. The actual cost totals \$4,737,789. The expenditures are almost equally divided between communications, electronics and armament improvements.

The primary advantage of this alternative lies in improved coordination capabilities of the ROKN fleet and more effective employment of existing units. The alternative would include \$10.3 million investment and \$66.0 million operating FY 70-74 MAP funds and \$23.0 million per year in ROK budget costs (FY 70-74 total: \$121.6 million).

h. Economic Aid. The aid termination schedule would be accelerated, if possible, to underscore growing Korean self reliance. Withdrawal of one division to bases outside Korea would also have little effect on the growth rate, and if exports perform as expected, removal of two divisions would still not reduce the growth rate below 7%. Since each division accounts for roughly \$40-60 million in foreign exchange earnings per year, removal of one (two) divisions would reduce GNP by about \$10 billion (\$25 billion), which would imply a reduction of one-half (one) percentage point in the annual growth rate. However, these projections depend very much on the rate of expansion of commercial exports. Imposition of textile import quotas against Korea, for example, could extend the period of Korea's need for foreign assistance.

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As mentioned above, Korea can sustain 5X-6X of the GNP for military expenditures without reducing the economy's growth rate to unacceptable levels. These levels imply that some of the foreign exchange costs of the military can be shifted to the Korean budget — up to approximately \$125 per year in 1974. See Table 4-3 below:

TABLE 4-3
ACCELERATED SELF-RELIANCE
ROK DEFENSE BUDGET CAPABILITIES AND NEEDS 1/
(Million dollars, 1968 prices)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
<u>Capabilities</u>					
Total Defense Budget Capability	472	487	492	497	528
Maximum For. Exchange for military imports	20	40	74	100	125
<u>Requirements</u>					
Local currency	283	338	395	424	453
ROK For. Exch. 2/	10	16	24	33	38
<u>Potential add'l ROK For. Exchange</u>	(10)	(24)	(51)	(42)	(37)

1/ See Section 1, Chapter VI. Projections still under review. They are made purely on the basis of revenue availability and the impact on GNP of additional foreign exchange expenditures.

2/ Assumes reintroduction of MAP transfer program (as discussed in CINCPAC MAP plan, Jul 68).

1. Total Program. The total US Korean oriented programs are summarized in Table 4-4 on the next page. On the basis of the factors discussed in Sections 5 and 6, modification of this program may be desirable. In paragraph 6-8 below, we discuss three variations: (1) "US Regional Force;" (2) "US-ROK Comparative Advantage;" and (3) "Political" program (see tables 4-4A, 4-4B and 4-4C on pages 42, 43 and 44 respectively.)

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SECTION 5: PRELIMINARY PROGRAM EVALUATION

In order to underline some strengths, weaknesses, and risks associated with the two major program alternatives already outlined, and to develop further the relationship between the goals and programs, a preliminary evaluation would be useful. In doing this, the following areas are examined: (1) the basis for the supporting analyses; (2) general problems of implementation; (3) possible North Korea, Chinese, or Soviet responses; and (4) other risks somewhat beyond our control. Variations of the program packages are discussed in Section 6.

5.1 The Supporting Analyses

In looking at requirements to keep South Korea out of hostile hands, a range of land, air, and naval North Korean infiltration and conventional threats were examined. Possible reinforcement of the NK forces by the Chinese or the Soviets was also considered. Then ROK/US force postures were developed that would permit the Koreans to defend north of Seoul. This process is carried through in Chapters II, III and IV for land, air and naval requirements respectively. The threat presented by Kim Il-Sung's "revolutionary struggle" and specialized means to meet it are examined in Chapter V.

By approaching force requirements in this way, our evaluation of NKA capabilities and the likelihood of Chinese or Soviet support of a NKA operation becomes the basis for the posture decisions. Our assessment of these threats derives from official DIA figures on enemy strength. Because intelligence evidence is meager, there has been a tendency in official statements to insure against uncertainty by assuming larger threats. For example, we have normally credited the North Korean Army with a full complement of modern equipment, while the ROKs, despite our extended military assistance grants, can only equip 85% of their force and could need \$1 billion in aid to modernize (see Section 5 and 9, Chapter II). We have projected a substantial North Korean Navy mining capability and have considered a mine counter-measures improvement program for the ROK Navy which could cost up to \$50 million (see Section 4, Chapter IV). We have also planned on the basis that a massive North Korean air attack could be launched with a minimum preparatory or stand-down period and consequently almost no warning, a capability even the US cannot maintain with extensive maintenance facilities (see Section 4, Chapter III).

Intelligence community support in developing further evidence on these issues has been requested. Nevertheless, since the collection and analysis programs involved would take considerable time, at least 12-18 months, we have had to base defense requirements on the best data available now. In many cases, such as land forces, this could mean that requirements are overstated.

5.2 Implementation Problems

There are many problems which could block implementation of a move away from our present policy toward an alternative such as "accelerated self-reliance." Some of these problems are subject to unilateral US action -- for

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example, obtaining adequate financing for an expanded MAP. Preliminary observations on this issue are discussed in Section 7 below. Other problems -- the cooperation of the ROK government and the performance of its economy -- are not so easily transcended, and bear further consideration.

Economic Performance

In both program packages, a rapid economic assistance termination schedule is assumed. Our confidence in this proposal stems from optimistic economic forecasts of Korean economic development in the next decade, during which Korea should reach self-sustaining growth. Under an optimistic set of assumptions, Korea could generate enough savings by 1973 to support a 7% growth rate. Of course, she will need foreign exchange to import the required raw materials and capital goods. As Korea loses the artificial foreign exchange source created by the war in Vietnam (\$100 million annually) and foreign exchange earnings from US troops in Korea (\$100 million annually) her continued ability to expand commercial export will become increasingly important. If exports continue to grow, on the basis of a model developed for this study it can be shown that aid termination and introduction of a military sales program would not reduce the growth rate below 7%. This finding assumes that other aspects of US policy do not change.

With respect to military assistance, where the US now bears the entire foreign exchange cost (currently \$160 million per year) of the support of Korea's armed forces, some of the burden can be shifted gradually to the Koreans. Korea could assume an increasing amount of the military force foreign exchange costs burdened with a reinstatement of the MAP transfer program and by commencing purchases of military imports. The latter program could reduce the MAP costs of a modernization program by up to \$240 million. The FY 70-74 total for both programs could range as high as \$355 million.

Cooperation

Another major obstacle to implementation could be political or diplomatic -- a breakdown in ROK-US cooperation. The Koreans may be unwilling to see any major changes in the ROK-US relations until the SVN war is over and their two divisions return. They may be unwilling to focus their modernization programs in ways that serve US interests.

They may want to maintain a large combat emphasis in their force structures despite lack of support to sustain these units in combat, with the net result being a degradation in combat capability.

Skillful diplomacy can guide US-ROK relationships past some of these difficulties. If "accelerated self-reliance" were to be pursued, for example, general agreements would have to be reached on the relationship between increased MAP levels and changes in US troop levels and on the specific nature of the force modernization contemplated.

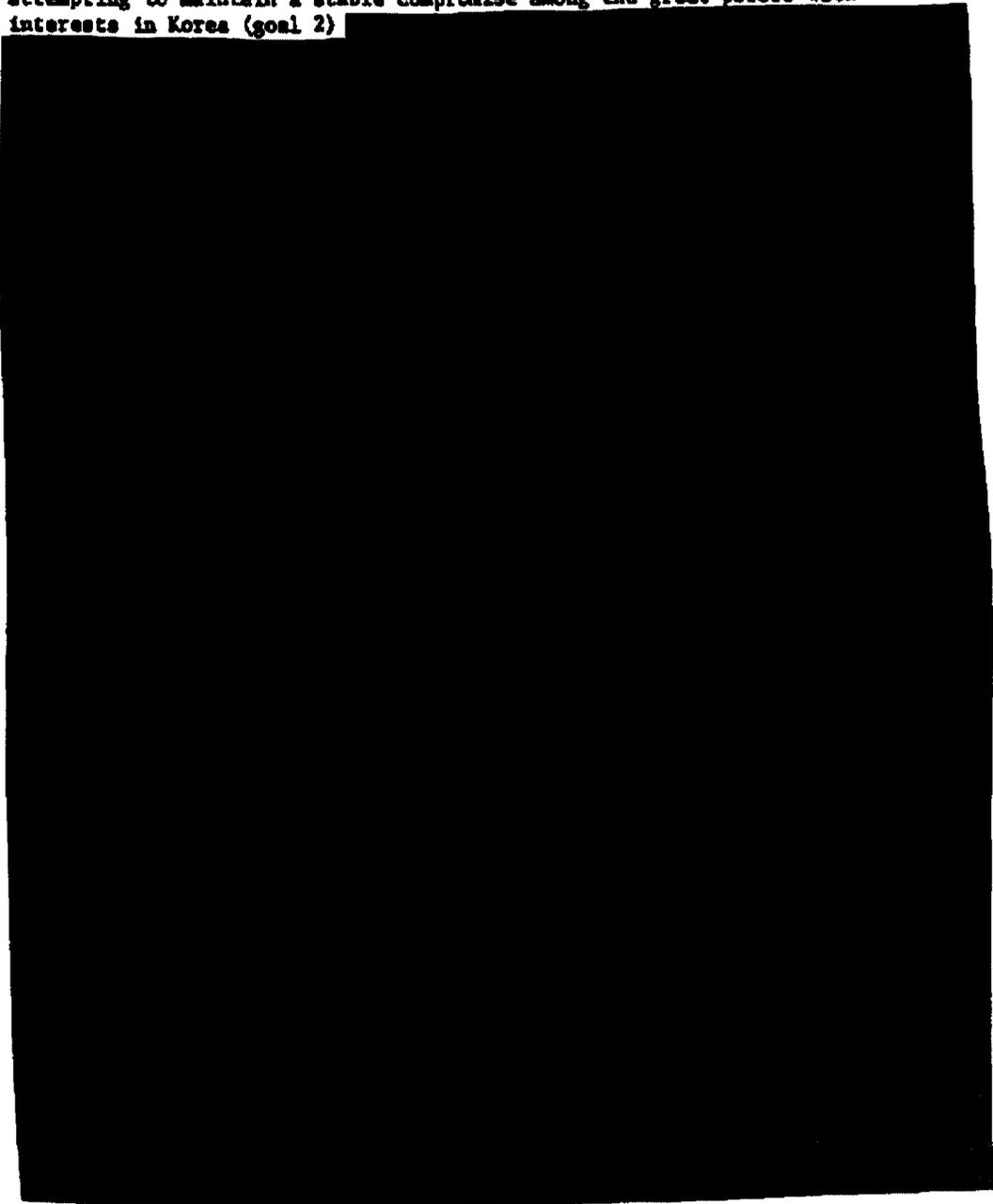
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5.3 Communist Responses

Three somewhat conflicting goals were listed above (Section 3).
Attempting to increase the ROK ability to defend itself (goal 4) while
seeking to prevent large-scale North-South hostilities (goal 1) and
attempting to maintain a stable compromise among the great powers with
interests in Korea (goal 2)



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5.4 Other Risks

Our expectations of a particular program package may be unfulfilled for reasons somewhat beyond our control. The political environment in Asia may become hostile to a continuation of present policies. This tendency might evolve out of growing Asia nationalism and lesser power disaffection with intimate great power involvement (as a legacy of the SVN conflict). It could be reinforced by a complementary US unwillingness to become involved with lesser country defense problems lest they lead to a major confrontation of the great powers. Of more immediate relevance, the political environment in Korea could either facilitate or hinder successful implementation of a policy program package. Three elements are likely to be critical in determining Korea's political environment in the next few years: The performance of the political system; the intensity of the NK confrontation; and the US role in the region as viewed by the Koreans.

The performance of the Korean political system, which will be significantly tested in the 1971 presidential election, could result in an orderly re-election of Park Chung Hee through an electoral process accepted as legitimate by Korean standards; a visibly "irregular" continuation of Park's tenure, with substantial loss of legitimacy and effectiveness; the emergence of a weak new government through an election or a coup; or the rise of a new strong nationalist leader, appealing to xenophobia and latent anti-Americanism.

The character and level of North Korean confrontation could take several forms. First, there might be a continuation of the present level and direction of infiltration and hostile probes. Second, if NK prospects changed, there could be a sharp increase in penetrations, terrorism, and assaults aimed at destroying public confidence in the ROK government and in the US. Third, North Korea may move toward a moderated level of aggression, accompanied by appeals to reunification, designed to split the ROK leaders from their US supporters and from the Korean people.

In ROK eyes the US security role and performance in Asia will be tested by the degree of firmness with which the US responds to future Korean affronts, by the evolving US military (particularly base) posture in the region, and by the manner in which the US disengages from the Vietnam conflict. Two sharply opposed South Korean reactions bear consideration. On the one hand, they might feel satisfaction and reassurance if the US responses to North Korean provocations were strong and if the US base posture in Japan and Okinawa remained essentially unimpaired. If the Vietnam conflict were concluded on satisfactory terms, the Koreans would also feel that their

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close regional association with the US was vindicated. Alternatively, if the US appeared to perform badly in these security tests, the Korean confidence in US support would be undermined and the ROKs could move toward other defense arrangements of their own.

These major factors, as well as others -- the state of the ROK economy, ROK military effectiveness, and Korean attitudes toward their foreign relations -- have been considered in determining the risks associated with the two major program packages. Four cases reflect the more interesting and plausible environments for evaluating risks. Each also poses quite different problems for US policy. They are:

(1) A quite optimistic case, based on a legitimate re-election of President Park, with promise of stability on the domestic scene. This government would be fully capable of coping with North Korean subversion that continues at roughly present levels. These developments would be accompanied by a firm US security performance, reassuring to the Koreans. In this situation, the ROKG would be more self-assured and assertive in its relations with the US and a policy of "accelerated self-reliance" would be most appropriate.

(2) The second case is less favorable. The Park regime would continue in power but with a severe loss of legitimacy and effectiveness. North Korea would exploit ROKG vulnerability by stepped-up aggression, precipitating suppressive counter-measures. A US tendency toward disengagement in SEA or Japan, even in a limited way, would be considered by the ROKG as totally inappropriate, and would make acceptance of US support politically awkward for Park. A critical and apprehensive US view of the deteriorating Korean situation might lead to an undermining of US public support for ROK.

This situation could favor either policy. If accelerated self-reliance had been pursued, the US and ROK would not face the awkwardness of close quarters.

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On the other hand, a continuation of the present policy would have US forces forward deployed at a crucial time, when they might be most needed to deter North Korean provocations.

(3) A third case -- less optimistic than (1) but better than (2) -- would see a weak new regime coming to power by election or coup and ushering in a period of domestic political uncertainty. North Korea would attempt to exploit any weakness by stepped-up aggression. The confidence of the new regime, however, could be bolstered by association with the US which would be successful in its overall security performance in the region. In addition, the US domestic mood could permit continuing strong bilateral ties, lending much-needed prestige and reassurance to the new regime. In differentiating the policies, the considerations mentioned with respect to (1) and (2) would apply here as well. A salient point, however, is that a weak

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regime would have difficulty adjusting to a new policy, and regardless of other considerations, there might be a tendency to set aside major readjustments in Korea. If "accelerated self-reliance" were well underway, however, it might be continued without major repercussions.

(4) The fourth case is based on the emergence of a popularly elected strong nationalist leader, not tied to past policies, who would steer Korea toward a more independent course. North Korea would drift toward xenophobia and refocus its confrontation policy on reunification to lure the ROK from its pro-West orientation. An unsatisfactory US security performance would assist that process. The US would find the ROKG more independent-acting, though not inherently more secure, with enhanced bargaining power derived from a vacillating US policy.



If a strong ruler were elected and the US were forward deployed as at present, readjustments would be in order, no doubt, and the US might have little freedom for diplomatic maneuver. An extension of the US presence might, in fact, be interpreted as hostile by the new ROK leadership, the US appearing to be waiting for a coup.

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At this point, it would be useful to underscore the observation made above in Section 5.1, that we have little evidence on which to have predictions of what Korean leaders will do in the future and how we might respond. Too much depends on the perceptions, powers and skill of the personalities involved, both US and Korea. Accordingly, these four situations are speculations, at best, and the apparent tendency of our conclusions toward "accelerated self-reliance" might be favored by the present optimism about Korea.

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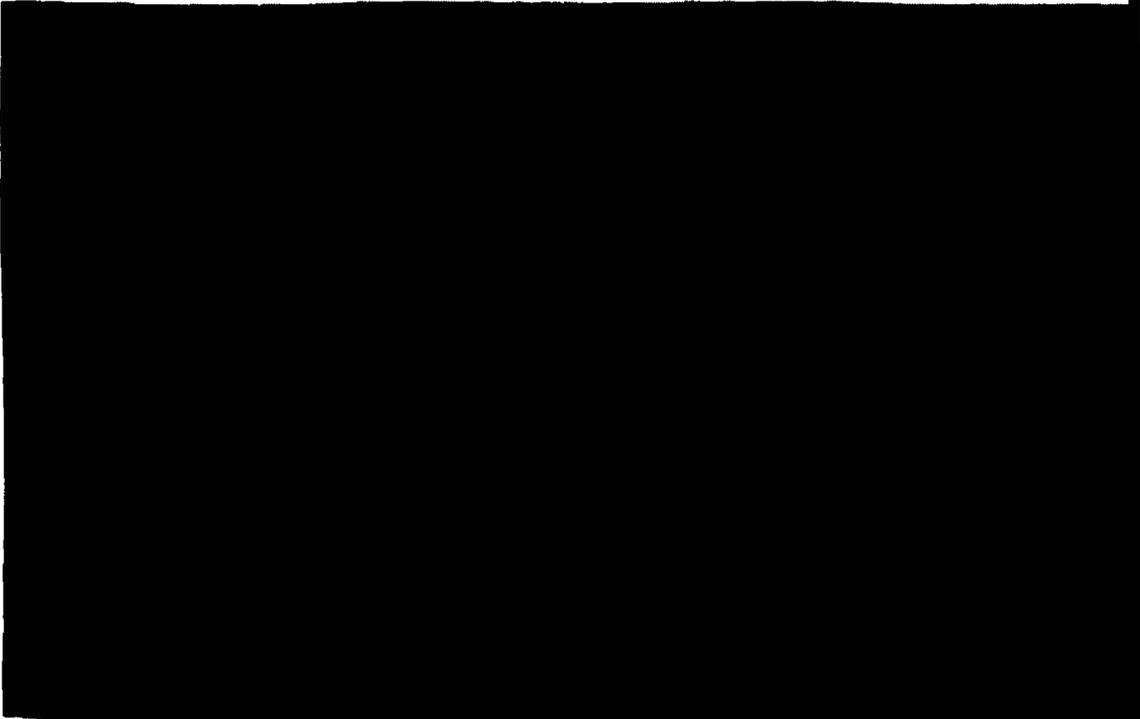
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SECTION 6: VARIANTS ON THE PROGRAM ALTERNATIVES

The two program packages indicated above are largely illustrative. Modifications to the policy and strategy rationales for the "policy continuity" and "accelerated self reliance" programs could lead to other program choices. Moreover, there are so many variations and combinations of programs that no single program package could be justified as a unique optimal combination. In this section variant programs are discussed for: US Land force deployments, ROK land force modernization, US tactical air deployments; improvements to the ROKAF air base construction. Some alternative "policy continuity" and "accelerated self reliance" program packages are indicated at the end of the section. The variants are developed in more detail in chapters 2-6.

6.1 US Land Force Deployments



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Alternative 1 - Present Deployment of Two Divisions: The variations have been developed to this alternative: (1) Increase overall strength to 90% TOE by adding 8,500 spaces--slightly over half going to support forces. This force would raise total annual costs (\$897 million) to just

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over \$1 billion; (2) Raise manning to 90% TOE emphasizing improved aviation, intelligence, air defense and support capabilities. This would involve an increase of 13,100 spaces and would cost about \$1.1 billion per year.

Alternative 2: Withdraw One Division: Two variations have also been developed within this alternative. In the first, the present 2-division force would be re-structured to one division with an extra infantry brigade and additional support elements attached. Manned at 90% TOE and augmented by KATUSAs, this force would have slightly greater strength than the two existing divisions taken together (54,600 versus 52,700 men). An aviation group would also be included to provide airlift for two infantry battalions. Under this concept, one brigade might be deployed along the DMZ on a rotational basis. The remainder of the division could be positioned south of Seoul where it could serve as a regional reserve force (for other parts of Asia as well as Korea). Total annual costs for this posture would be about \$920 million.

In the second variation, a division force with a corps headquarters and a minimum support force is structured with only US personnel, to permit more rapid deployment as a regional reserve as well as in the Korea security role. Strength of the force ranges from over 30,000 at 100% to 25,000 at 80%. Costs for this option range from \$441 million for the 80% force to \$523 million for the 100% force.

Alternative 3: Withdraw Two Divisions: The "Accelerated Self-reliance" alternative (Program Package Two) would withdraw both US divisions

an enlarged 2000-man MAAG: Annual costs would be \$123 million. A variation, the Reforger concept, envisions one division (or brigade) from CONUS made available for rapid deployment to Korea. Essential equipment for this force could be pre-positioned in the ROK (with maintenance Cadre) at an annual cost of \$8.2 million. (In addition, maintenance of the ready division in CONUS would cost another \$141 million (\$79 million for a brigade) per year.)

Costs and strengths (in FY 73) for each of the alternatives are summarized in Table 6-1 on the next page.

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TABLE 6-1

ALTERNATIVE US KOREA LAND FORCE DEPLOYMENTS 1/
(Millions of \$US at 1968 Prices)

	<u>Strength 2/</u>	<u>FY70</u>	<u>FY71</u>	<u>FY72</u>	<u>FY73</u>	<u>FY74</u>	<u>Total</u> <u>FY70-74</u>
<u>Alternative I: (Present 2 Div Deployment) 2/</u>							
Troop List I	52,745	897.0	897.0	897.0	897.0	897.0	4,485.0
Troop List II (a + 13,101)	61,245	897.0	1,036.6	1,036.6	1,036.6	1,036.6	5,043.4
<u>Alternative II: (One Div Force) 2/</u>							
Troop List IV (1 Div + 1 Bde)	54,602	897.0	897.0	897.0	921.8	921.8	4,554.6
Troop List V (1 Div, All US)							
100Z	30,986	897.0	897.0	897.0	523.6	523.6	3,738.2
90Z	27,985	897.0	897.0	897.0	482.4	482.4	3,655.8
80Z	25,043	897.0	897.0	897.0	441.2	441.2	3,573.4
<u>Alternative III: (Withdraw 2 Divs) 3/</u>							
					OSD 3.3(b)(4) JCS 3.3(b)(6),(9)		
MAAC	2,000				32.8	32.8	
"Reforger"							
Prepo Cadre	500				8.2	8.2	
Total	3,808	897.0	897.0	897.0			

1/ Troop lists are contained in Annex II, Vol II.

2/ Strength at end of FY 72.

3/ These costs are for the minimum program: Additional expenditures, could be required in CONUS—\$141 million per year—increasing total Korea oriented force costs from \$130.6 million to \$271.6 million.

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6.2 ROK Land Force Modernization

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The approach used in the aggregate analyses did not include an evaluation of ROK capabilities to support the divisions in sustained combat. A separate study was made of this problem; it was concluded that: (1) some existing support units are missing essential equipment; and (2) in some areas additional support units are needed. These problems could be solved by improvement programs discussed below.

Alternatively, improvement and modernization programs might be focused only on combat forces on the basis of a judgment that the NKA could not engage in sustained combat because they also lack adequate support, and therefore, that any ROK-NKA war would be resolved in the initial 30-60 days. Our more detailed comparative analyses underscored a number of specific improvements that were needed in ROK combat units and suggested combat capabilities that might be augmented--for example, corps artillery--when equivalent US capabilities are no longer available in the theater.

In designing modernization programs for the ROK land forces, the range of forces addressed was narrowed to 14 to 20 divisions. The lower limit was set for political reasons.

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JCS 3.3(b)(6)

ROK Combat Force Modernization: Improvements were considered for maneuver units (M16 rifles, new machine guns, mortars, recoilless rifles, improved tanks, and anti-tank missiles), in ground and air mobility (armored personnel carriers and helicopters), in additional artillery and air defense, and finally in communications and command and control capabilities. Balanced programs were designed for modernization budget levels ranging from \$157 to \$284 million (see Section 6 of Chapter II).

Improvement in the Support Infrastructure: Two issues were addressed. First, filling equipment shortages in current support units and second, adding additional support units so that 10 or 16 fully engaged divisions can be supported. Balanced program costs range from \$62.7 million for support unit equipment shortages in the present program to \$328.9 million to fill all the shortages in all ROK support units. Adding support units to sustain from 10 to 16 fully engaged divisions would cost \$330.9 million and \$502.1 million respectively for designed programs (see Section 8, Chapter II.)

A number of illustrative modernization program levels are indicated in Table 6-2 on the next page. The programs are designed to meet US goals. Accordingly, in joint discussions with the Koreans concerning modernization

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they should be used as limits or ceilings on the extent of force modernization which the US would support (either by making credit available or by outright grant).

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TABLE 6-2
ROK LAND FORCE IMPROVEMENT PROGRAMS
(Investment and Operating Cost Totals
for FY 70-74 in foreign exchange only
(MAP or PMS)

Force Level (Divisions)	Cbr Units	Support Unit Equip Shtge	Add'l Spt Unit	Total	Operating Costs (FY 70-74)	Total FY 70 74	Operating Costs FY 75 1/
14	193.3			193.3	374.3	567.3	18.4
14	193.3	193.3		386.4	374.3	760.7	39.0
16	210.9			210.9	374.3	585.2	19.0
16	210.9	219.5		430.4	374.3	804.7	43.7
16	210.9	219.5	349.5	779.9	374.3	1154.2	76.8
18	287.1			287.1	274.3	661.4	23.1
18	287.1	245.6		532.7	374.3	907.0	49.6
18	287.1	245.6	367.5	900.2	374.3	1274.5	99.6
20	354.1			354.1	374.3	728.4	30.4
20	354.1	266.2	502.1	1122.4	374.3	1696.7	109.2
MAP (present)	30.0	62.7			374.3	467.0	84.0

1/ Cost in foreign exchanges for spare parts.

6.3 US Air Deployments

As suggested in the description of both program packages (section 9 above), it may be appropriate to continue maintaining US aircraft in Korea. This could warn North Korea of our comment in hostilities. Four alternative USAP postures have been developed:

Alternative I (Current Presence): This option was included in "policy continuity"—Table 4-2. The 151 aircraft now based in Korea (5960 personnel costing \$19.6 million per year more in Korea than in CONUS)

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would be maintained through FY 71 and reduced to 36 aircraft in FY 72 (about 1600 personnel at \$5.3 million per year over CONUS). General support forces remain constant at the pre-1968 level of about 4100 (\$13.5 million per year). Total FY 70-74 cost over CONUS for Alternative I is \$122.6 million.

Alternative II (Minimal Presence): This is the "accelerated self-reliance" alternative--Table 4-4. US aircraft are maintained in Korea throughout the FY 70-74 period--the same 36 aircraft force as Alternative I during FY 72-74. However, the current deployment would be reduced to 48 aircraft immediately (rather than continued at 151) at a savings of \$25.4 million. General support personnel are again maintained at the pre-1968 level. Total period cost would be \$97.2 million.

Alternative III (Gradual Phase-out): The US presence would be reduced to 101 aircraft in FY 70, 48 in FY 71, 36 in FY 72, and withdrawn entirely in FY 73. If support forces remain constant, this alternative would cost \$92.9 million: Reduction in support forces by 20% in FY 72, 40% in FY 73, and 20% in FY 74 would save \$21.6 million in general support costs.

Alternative IV (Rapid Phase-out): The present USAF deployment would be reduced to 48 aircraft immediately and phased out altogether in FY 71. 20% of general support personnel would be withdrawn in FY 70, 40% in FY 71, and 20% in FY 72. Overall costs of Alternative IV would be \$31.2 million.

Annual costs and strengths for each deployment schedule are shown in Table 6-3 on the next page and discussed more extensively in Section 7 of Chapter III.

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TABLE 6-3

ALTERNATIVE USAF FORCE DEPLOYMENTS
(\$ million US Est Costs over COMUSCZ)

	FY70	FY71	FY72	FY73	FY74	Total FY70-74
<u>Alternative I (Current Presence)^{3/}</u>						
Aircraft Deployment	19.6	19.6	5.3	5.3	5.3	59.1
General Support	13.5	13.5	13.5	13.5	13.5	67.5
Subtotal	33.1	33.1	18.8	18.8	18.8	122.6
<u>Alternative II (Minimal Presence)^{4/}</u>						
Aircraft Deployment	6.9	6.9	5.3	5.3	5.3	29.7
General Support	13.5	13.5	13.5	13.5	13.5	67.5
Subtotal	20.4	20.4	18.8	18.8	18.8	97.2
<u>Alternative III (Gradual Phase-Out)</u>						
<u>Variation A:^{5/}</u>						
Aircraft Deployment	13.2	6.9	5.3	--	--	25.4
General Support	13.5	13.5	13.5	13.5	13.5	67.5
Subtotal	26.7	20.4	18.8	13.5	13.5	92.9
<u>Variation B:^{6/}</u>						
Aircraft Deployment	13.2	6.9	5.3	--	--	25.4
General Support	13.5	13.5	10.8	2.4	2.7	45.9
Subtotal	26.7	20.4	16.1	2.4	2.7	71.3
<u>Alternative IV (Rapid Phase-Out)^{7/}</u>						
Aircraft Deployment	6.9	--	--	--	--	6.9
General Support	10.8	2.4	2.7	2.7	2.7	26.3
Subtotal	17.7	2.4	2.7	2.7	2.7	31.2

- 1/ Not including 174-man USAF MAAC costing \$3.0 million/year. See Chapter II for discussion of MAAC forces.
- 2/ USAF world-wide average of \$3,300 per man-year.
- 3/ 151 aircraft (5960 personnel) through FY71; 36 aircraft (1600 personnel) FY72-74. General support forces constant at pre-1968 level (4100 personnel).
- 4/ Present deployment reduced to 48 aircraft (2100 pers) in FY70; 36 aircraft (1600 pers) FY72-74. General support constant at 4100 personnel.
- 5/ Present deployment reduced to 101 aircraft (4000 pers) in FY70; 48 aircraft (2000 pers) in FY71; 36 aircraft (1600 pers) in FY72; withdrawn in FY73. General support constant at 4100 personnel.
- 6/ Aircraft phase-out follows same schedule as in footnote 5 above. General support personnel reduced 20% in FY72; 40% in FY73; 20% in FY74.
- 7/ Present deployment reduced to 48 aircraft in FY70; withdrawn in FY71. General Support personnel reduced 20% in FY70; 40% in FY71; 20% in FY72.

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6.4 ROKAF Modernization

In order to avoid NKAF arms escalation responses, it may make sense to continue the present ROKAF modernization program (Alternative E) regardless of which overall Korean policy is adopted. ROKAF improvements with the increased capability "Accelerated Self-reliance" program (Alternative B) would greatly reduce the current disparity between NKAF and ROKAF aircraft inventories; lesser forces are represented in Alternatives A (current JSOP) and C (emphasis on insurgency) while parity with the NKAF is implied in Alternative D. A previously programmed F-4D squadron, costing \$51.1 million and scheduled for August 1969 delivery, adds significantly to the aircraft strengths outlined below. The problems encountered in enhancing the ROKAF become clearer as the different alternatives are examined.

Alternative E: Policy Continuity

The present MAP 74 program provides \$145.9 million to the ROKAF during FY 70-74. New aircraft and related equipment (36 F-5s, 8 RF-5s, 27 C-119s) would cost \$71.8 million for acquisition and \$74.1 million for operations; no additional aircraft would be provided for support missions, e.g., training, anti-submarine, rescue, utility. Under this program, the ROKAF would remain considerably inferior to present and projected NKAF. ROK costs are estimated at \$112 million.

Alternative A: Current JSOP

Under this plan, all F-86 aircraft would be phased out: The two F-86D squadrons retained with MAP 74 would be replaced by F-102s, and the 30 remaining tactical F-86Fs with F-5s making a total of seven F-5A squadrons. Also included are one squadron each for Special Operations (25 A-37s), training, anti-submarine warfare, and reconnaissance, as well as 32 C-123s for improved airlift. MAP costs would be \$110.7 million for investment and \$130.3 million for operations; ROK costs \$186 million. Only nominal increase in technical support would be demanded.

Alternative C: Accelerated Self-reliance

This alternative would provide the ROKAF with seven squadrons of F-5s (enlarged from 18 to 24 aircraft), three squadrons of A-37s (25 aircraft each) and one squadron of sixteen AC-119K gunships all for tactical missions. Twenty-four F-102s would be provided for air defense -- the F-5s and F-4s are also effective in this role, perhaps more so in Korea. Airlift capability would be increased by providing forty-eight C-119s rather than C-123s (as with JSOP), since the latter type is in short supply and needed for USAF attrition in Vietnam. Mission diversification is reflected in the 187 aircraft provided for support activities. MAP investment costs would be about \$199.3 million, MAP operating costs \$142.8 million, and ROK costs \$242 million. Technical support requirements would increase moderately with this force.

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Alternative B: Air Superiority Oriented

Here, expanded emphasis is placed on air superiority with a force of 240 high-performance jets provided (compared to 210 with "Accelerated Self-reliance" and 127 with "Policy Continuity"). Sixty-four C-119s would improve airlift, and mission diversification would follow Alternative C. Estimated costs are: \$289.8 million MAP investment, \$153.4 million MAP operations, and \$255 million ROK budget. The ROKAF would have to almost double its previous rate of personnel growth to achieve this force, and technical demands would be high.

Alternative D: Parity

This alternative postulates a force numerically and qualitatively equal to the maximum 1974 NKAF now projected. Included are twelve enlarged squadrons of F-5s and three additional squadrons of F-4Ds for a total of 394 high-performance jets. One squadron of A-37s, one of AC-119s, four of C-119s, and almost 200 support aircraft round out this parity force. Costs would be \$544.0 million MAP investment, \$176.4 million MAP operating, and \$270.2 million ROK budget. Technical demands would be nearly twice the present level (almost 500,000 maintenance man hours per month vs. less than 300,000 for the FY 69 force). Attempting to develop a force of this size and complexity within five years would tax ROKAF growth capacity and could involve some reduction in force readiness during the build-up period, even with extensive use of COMUS training.

The feasibility of incorporating a new aircraft type, the F-5-21, as a follow-on replacement for ROKAF F-5s or F-86s was also considered. A decision to produce the F-5-21 in the US has not been reached at this time and is contingent upon the F-5-21s application in areas other than Korea alone. The F-5-21 seems a promising follow-on candidate for Korea because of its performance, simplicity and compatibility with current ROKAF F-5s. Costs of the ROKAF alternatives, with and without F-5-21 aircraft, are summarized in Table 6-4 on the following page.

The present program also includes \$41.6 million for construction — basic improvements to present bases and facilities proposed by COMUSKOREA. Additional airbase construction and hardening bear consideration for several reasons: (1) to accommodate an increase in the ROKAF; (2) to reduce reliance on Japanese bases in event of a large USAF deployment to reinforce Korea; and (3) to facilitate a possible continued air presence in Korea.

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TABLE 6-4

FY 70-74 COSTS FOR AIRCRAFT ACQUISITION, OPERATION, AND SUPPORT
(Million of \$US at 1968 Prices)

<u>Policy Continuity</u>	<u>Without F-5-21</u>		<u>With F-5-21</u>	
	<u>MAP</u>	<u>ROK</u>	<u>MAP</u>	<u>ROK</u>
Present Program (Alt E-MAP)	145.9	141.6	194.8	109.3
Improved Force (Alt A-JSOP)	141.0	185.7	232.2	178.9
<u>Accelerated Self-reliance</u>				
Basic Program (Alt C)	342.1	204.3	446.3	203.9
Increased Capability (Alt B)	443.2	213.7	487.1	215.9
Parity Force (Alt D)	720.4	243.8	769.3	241.5

With respect to the construction programs indicated below, the first -- JSOP -- includes three new MOB's (at \$53 million each) and improvements to existing ALOC airfields (\$8.2 million).* The second program includes improvement of two existing bases to MOB standards, and construction of two dispersal bases (for use by USAF augmentation aircraft). ALOC improvements, 150% sheltering for all in-country tactical jets, full reveting for other aircraft, and adequate hardening POL storage to support a large US air augmentation would cost another \$23.7 million. Thus, Alternative B costs about \$5.6 million less than JSOP even though it provides three more fully jet-capable airfields by emphasizing improvements to existing bases and construction of dispersal bases rather than focusing on new MOB's. Alternative C and its subcase are essentially the same except that only one or no MOB would be constructed in each, respectively.

* Main operating bases (MOBs) are complete, manned facilities fully capable of accommodating all types of aircraft. Dispersal bases (DOB's) are "bare" in that they include only essential physical features - runways, aprons, structures, etc. - all necessary support is deployed along with operating units when the base is activated.

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TABLE 6-5

FY 70-74 AIRBASE CONSTRUCTION FOR ALTERNATIVE ROKAF FORCES

	ALT A (JSOP)	ALT B	ALT C	ALT C (Subcase)	ALT D	ALT E (MAP 74)
New Bases <u>1/</u>	159.0	131.6	78.6	25.6	247.6	--
Improvements to Existing Bases <u>2/</u>	49.8	65.1	65.1	65.1	65.1	41.6
Acraft and POL Hardening <u>3/</u>	19.1	23.7	24.7	24.7	33.3	18.3
TOTAL US MIL DEPT COST	227.9	220.4	168.4	115.9	346.6	59.9
MAP Costs	--	1.9	1.7	1.5	5.9	0.6
TOTAL US COSTS	227.9	222.3	170.1	116.9	351.9	60.5

1/ Three MOBs for Alt A; two MOBs and two DOBs for Alt B; one MOB and two DOBs for Alt C (MOB deleted from Alt C subcase); four MOBs and two DOBs for Alt D.

2/ COMUSKOREA basic improvements package (\$41.6 million) included with all alternatives.

3/ Additional hardening not included in present plan.

6.5 Naval Forces Improvement Program Variations

Little modernization for the Navy was included in either program above (Tables 4-2 and 4-4). Since NK naval threats are remote, aside from infiltration, this proposal seemed reasonable. Nevertheless, the ROKG may not share this view and may seek more concentrated in the following areas: (1) high speed coastal patrol craft for counter-infiltration operations; (2) replacement of some obsolete minesweepers; (3) perhaps some additional small combatants and support craft to enable ROKN forces to contribute to a multilateral naval force. The proposed CIGFIR naval program goes considerably beyond this (see Sections 1, 7, and 8, Chapter IV and Sections 1 and 9, Chapter V). Costs and ship strengths for several other programs to increase ROKN capabilities are summarized in the next table. The ROKN counter-infiltration programs are discussed in more detail below.

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TABLE 6-6

NAVAL PROGRAM VARIATIONS

	FY 70-74			Gen Cbt	Patrol Craft	Amphi Ships	Mine- swee- pers	Auxi- liary craft	Total
	US AND ROK COSTS								
	(\$US Millions-1968 prices)								
	ROK Budget	MAP Inv. Oper.							
<u>Policy Continuity</u> (Present Program -- Alt A)	121.6		66.0	5	58	20	11	12	105
<u>Accelerated Self- reliance</u> (Improved Force -- Alt B)	121.6		20.9	5	57	20	11	12	105
<u>Improved Anti- Infiltration</u> (Alt C)	133.0	19.1	71.0	5	71	26	11	12	125
CIGFIR (Subcase)	137.0	62.9	79.8	5	102	26	40	14	187
<u>Independent/ Multilateral</u> (Alt D)	121.6	32.3	65.1	5	82	21	20	16	144

6.6 Infiltration Programs

The issue of what level of aid should be given to counter-infiltration is complicated by the fact that the US Government could become intimately involved in internal Korean politics by assisting ROKG counter-infiltration activities. This has not occurred yet. Up to now, we have: (1) taken responsibility for stopping infiltration along that section of the DMZ guarded by the Second Division; (2) operated air patrols (looking for agent boats); and (3) furnished advice and material aid. The primary effort, especially in the interior, has been planned and directed by the ROKG. This approach encourages Korean independence and responsibility, and avoids somewhat the image of freedom fighter vs. imperialists with which the North Koreans would like to cloak their infiltration efforts.

In considering alternative counter-infiltration programs, we examined three basic approaches: (1) intercept the infiltrators before they enter Korea (i.e., maintain a barrier); (2) capture them in the interior; (3) dissuade them by taking suitable retaliatory actions. The barrier approach and the build-up of interior capabilities have been used so far. Apart from some minor reconnaissance missions by ROK forces, there has not been an attempt to deter infiltration efforts by means of retaliatory strikes.

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Three levels of aid have been examined to improve the "barrier":
(1) a "total" program which would buy lighting for the whole DMZ fence, APCs and M-16s for selected forces along the DMZ (which overlaps proposals for general force improvements), a complete coastal radar system for the East and West coasts, a mobile patrol operation, improved air patrol against agent boats, harbor patrol with minesweepers, etc., costing \$110 million; (2) a "partial" program which would buy lighting for just the DMZ and a slightly reduced coastal radar system, costing \$40.7 million; and (3) a "Phase I" program costing \$14.2 million which would furnish enough lighting for the DMZ and enough of the coastal radar systems, so that the effectiveness of these systems could be determined before they are further underwritten. The latter program in itself would not substantially improve the quality of either the DMZ or the coastal barrier system.

In addition to the barrier, build-ups in the ROKG capability in the interior could require the following assistance (roughly in order of priority): (1) arms for the homeland reserve; (2) improved communications equipment; (3) improved mobility (trucks and helicopters); (4) improved arms for counter-infiltration and Ranger battalions; (5) improved protection of key internal points. The last area overlaps strongly the improvement of conventional defenses, since hardening against guerrilla mortar attacks would also protect against conventional attacks, and vice versa.

By combining these program components a number of counter-infiltration packages ranging in cost from zero to \$184 million were developed. At each cost level an effort has been made to include what appears to be the most cost-effective program (see Table 6-7).

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TABLE 6-7

OVERALL COUNTER-INFILTRATION PROGRAM
(Cost in \$ US Millions)

	Arms for Homeland Reserve ^{1/}	Communi- cations ^{2/}	Mobility ^{3/}	Arms for Rangers, etc.	Protection of Key Internal Points ^{3/}	DMZ ^{4/} Barrier	Coastal ^{5/} Barrier	Total Cost
1	-	-	-	-	-	-	-	-
2	3,068	-	-	-	-	-	-	3,068
3	3,068	9,010	-	-	-	-	-	12,078
4	3,068	9,010	7,650	-	-	-	-	19,728
5	3,068	9,010	7,650	-	-	-	13,448	33,176
6	3,068	9,010	7,650	3,265	-	-	13,448	36,441
7	26,140	9,010	7,650	3,265	-	-	13,448	60,251
8	26,140	9,010	7,650	3,265	-	8,466	32,219	86,750
9	26,140	9,010	7,650	3,265	27,969	8,466	32,219	114,719
10	26,140	9,010	7,650	3,265	27,969	16,076	32,219	131,329
11	26,140	9,010	7,650	3,265	27,969	26,076	84,227	184,337.

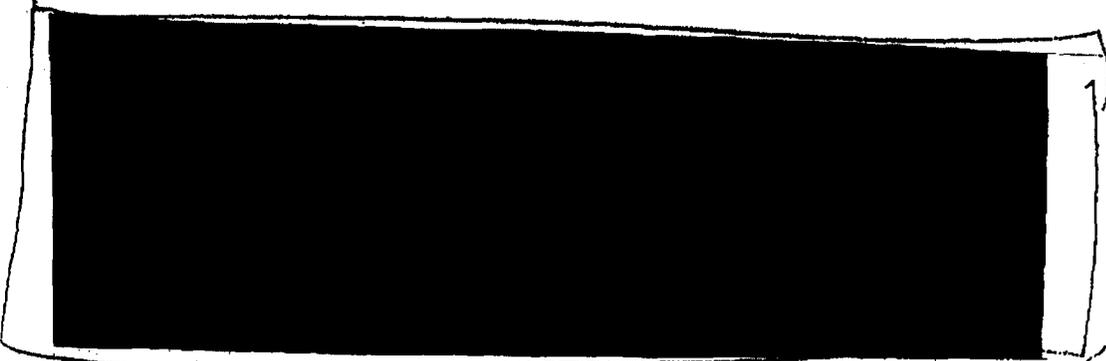
1/ The US has 400,000 M-1 carbines which would cost \$3,068,000 and enable the ROKG to arm up to 1,071,000 militia. If another 929,000 weapons are furnished, thus arming 2,000,000 militia, rough estimate of the total cost for all 1,329,000 weapons is \$26.14 million.

2/ See Table 4-2 and discussion in Section 4 of Chapter V.

3/ Trucks amount to \$2,477,000 and helicopters \$5,203,000.

4/ About 60% of the total \$26.1 million would strengthen ROK conventional defenses. The small program is experimental and includes Phase I limited expenditures for 24 kilometers of the DMZ. The \$8,466,000 is for lighting of the entire DMZ force, but no searchlights.

5/ Phase I, partial, and complete programs are shown.



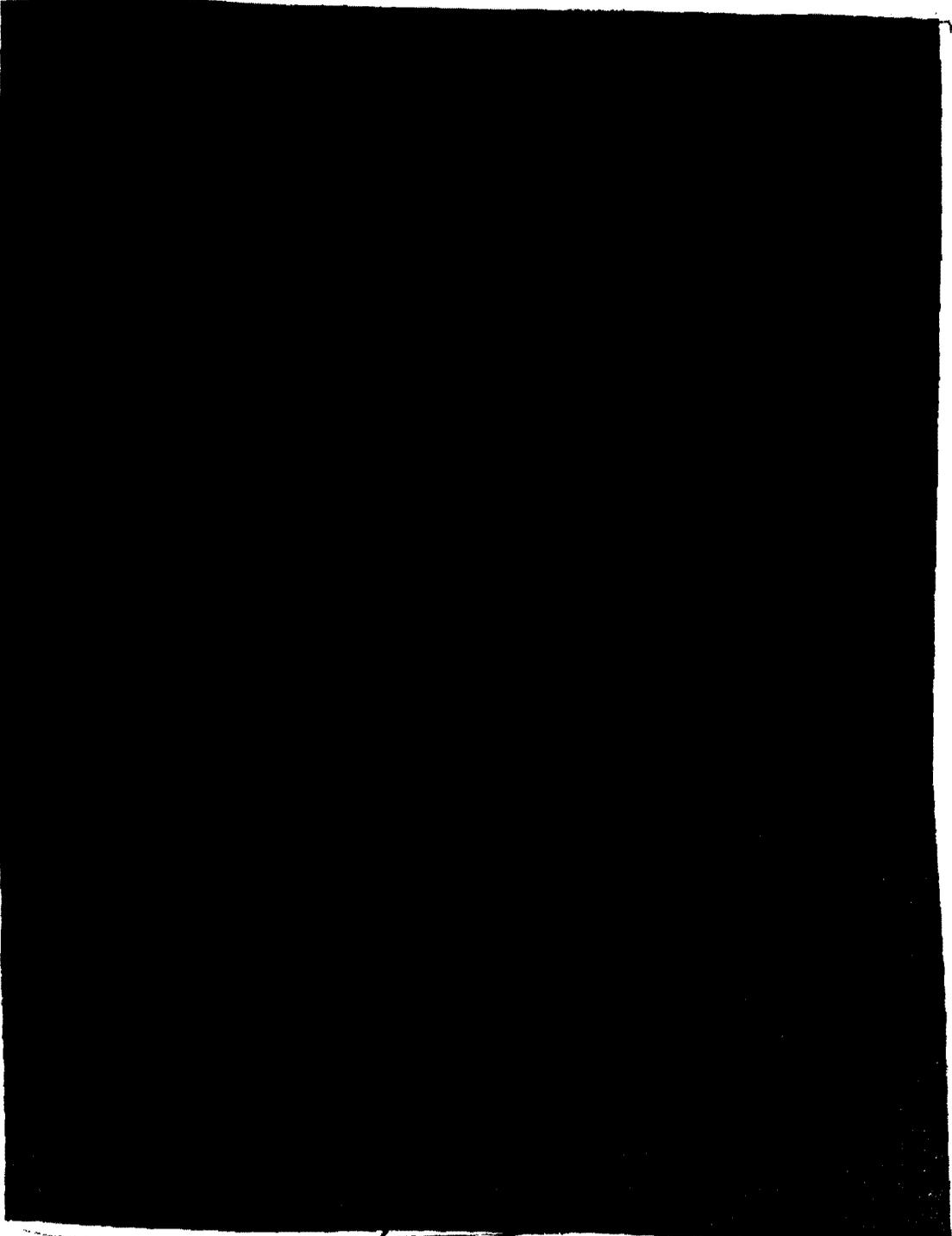
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OSD 3.3(b)(6)
JCS 3.3(b)(6),(9)

DOE
6-2(a)

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OSD 3.3(b)(6)

JCS 3.3(b)(6), (8)

*DCE
6-2(a)*

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6.8 Program Package Variations

As mentioned above, the two program packages already outlined (Tables 4-2 and 4-4) are illustrative (or boundary cases). On the basis of the considerations mentioned in Sections 5 and 6, it is possible to develop a number of alternative program packages. For example, if we were to continue the present policy there are certain improvements or changes that could be made to the Korea oriented program in order: (1) to improve the readiness of the forces; (2) to prepare for a "Self-reliance" posture after the Vietnam war subsidies; and (or) (3) to permit US forces in Korea to be reduced in number or re-configured for a regional role.

We have developed two variations on program plan I (Table 4-2). The first, which is displayed in Table 4-2A (page 40), includes: (1) additional MAP funds for helicopters and for maneuver unit modernization (as described in Section 6, Chapter II for eighteen divisions); (2) funds for the counter-infiltration coastal barrier and Homeland Reserve Force; (3) an increase in US land forces of 8,500; (4) a minimal USAF air posture as was included in the "Accelerated Self-reliance" Package (Alt II); and (5) the JSOP airbase construction program (Alt A, Section 5 of Chapter III). The second variant, displayed in Table 4-2B (page 41) includes: (1) mobility, artillery, and maneuver unit combat modernization for eighteen ROK divisions (Section 6 of Chapter II); (2) some increase over the present program for ROKAF modernization (Alt A); (3) funds for the counter-infiltration coastal barrier and for arming the Homeland Reserve Force; (4) a decrease in US land forces to one division at 80% TOE; (5) a small USAF presence (Alt II); and (6) construction of several dispersal bases and other airbase improvement (Alt C₁).

Several variations on the "Accelerated Self-reliance" program have been developed as well. The first, displayed in Table 4-4A (page 42) would: (1) modernize only 14 ROK divisions -- the greater NKA/CPR threat is considered unrealistic; (2) provide funds for a lesser improvement to the ROKAF (Alt A-JSOP) in view of arms-race reservations in Section 5 above; (3) furnish funds to not only arm the Homeland Reserve Force, but also for Phase I of the counter-infiltration program; (4) retain one US division in Korea for use as a regional reserve and catalyst for similar local forces; (5) phase out USAF temporary deployments to Korea (Alt III) because the US land presence suffices to convey our commitment; and (6) construct a new camp for the remaining US division, South of Seoul, improve two existing airbases to MOBE standard, and construct three dispersal bases (Alt C₁).

The second "Accelerated Self-reliance" variation, displayed in Table 4-4B (page 43) is an economic comparative advantage case: The US furnishes the complicated technical capabilities and the ROK the more labor intensive resources. Accordingly, the program includes: (1) combat modernization for eighteen ROK divisions but not including air defense (see Section 6 of Chapter II); (2) the present MAP ROKAF program (Alt E); (3) the same counter-infiltration program as in 4-4A; (4) the present USAF deployments (Alt I); and (5) considerable airbase construction in order to accommodate USAF augmentation (as well as to permit operations without immediate use of Japanese bases).

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The third variation on "Accelerated Self-reliance" would include only those programs which appear feasible on grounds of "political reality" or "expediency" (see table 4-4C on page 44): (1) ROK land force modernization would be limited to helicopters, artillery, and maneuver unit equipment; (2) ROKAF improvement would be increased only somewhat -- Alt A (or the same program as in Table 4-4A); (3) the ROKG would be given funds for a "partial" barrier system and for arming the HRF (see Chapter V and Section 6.6 above); (4) US land forces would be reduced to one division at 90% TOE; (5) USAF temporary deployments would be phased out (Alt IV); and (6) the variant construction program indicated in Table 4-4A would be followed.

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TABLE 6-2A

IN COMBAT PROGRAM PACKAGE ONE "A" POLICY CONTINUITY - INCREASED READINESS 1/
(Major Program Costs in \$ US Millions at 1946 Prices)

	Personnel (FY 72)	FY 70	FY 71	FY 72	FY 73	FY 74	One-Time Costs	FY70-74 Total	Major Budget Category	
									AID/MAF	ROM
DEVELOPMENT SUPPORT										
ROM Support 2/										
Land		107.6	129.3	135.5	93.4	87.9		604.0	604.0	
Air		28.8	28.6	29.8	26.7	34.4		143.8	143.8	
Naval		10.7	13.1	15.2	12.2	14.8		64.2	64.2	
Logistic Supplies							787.0	787.0		787.0
Counterinsurgency							138.1	138.1	110.1	
Other MAF/CMS Prog.		23.2	26.1	23.0	16.2	11.2		87.9	87.9	
Subtotal		164.3	223.1	223.6	148.3	148.7	825.1	1,808.1	1,021.1	787.0
RE FORCE										
Land 3/	61,245	875.4	1,015.2	1,015.2	1,015.2	1,015.2		4,936.4		4,936.4
Air 3/	3,700	28.8	28.4	28.4	18.8	18.8		97.2		97.2
Naval 3/	213	3.4	3.4	3.4	3.4	3.4		18.0		18.0
MAF 3/	1,275	21.6	21.4	21.4	21.4	21.4		107.0		107.0
Logistic Supplies										
Construction							227.9	227.9		227.9
Subtotal		921.0	1,089.4	1,059.0	1,059.0	1,059.0	227.9	3,364.3		3,364.3
TOTAL DEFENSE SUPPORT	69,435	1,087.3	1,282.7	1,271.4	1,207.3	1,207.3	1,223.0	7,494.4	1,021.1	4,173.3
Noncombat/Political Support										
MAF/MS Support										
Supporting Assistance		15.0	-	-	-	-		15.0	15.0	
Development Items		30.0	23.0	25.0	-	-		75.0	75.0	
PL 480, Title 1 & 11		69.9	38.0	35.9	-	-		136.3	136.3	
Other (TC, etc.)		4.8	3.7	2.7	1.3	1.0		13.7	13.7	
Subtotal	30	119.7	64.7	57.7	1.3	1.0		248.7	248.7	
Political Development										
USA	20	.9	1.8	1.1	1.1	1.2		5.3	1.3	
Peace Corps	300	.8	.3	.3	.9	.9		4.4	4.4	
Other		()	()	()	()	()				
Subtotal	320	1.7	1.9	1.0	1.0	1.1		9.7	9.7	
TOTAL N/P SUPPORT		117.0	68.6	57.7	3.3	3.1		252.8	251.2	
US Operations Support										
Department of State		2.5	2.7	2.9	3.4	3.1		14.3	14.7	
CIA		()	()	()	()	()		()	()	
Other		()	()	()	()	()		()	()	
TOTAL US OPS Support		2.5	2.7	2.9	3.4	3.1		14.3	14.7	
TOTAL ON PROGRAM		1,206.8	1,357.9	1,342.2	1,213.8	1,213.5	1,223.0	7,439.7	1,285.2	4,173.3

1/ Cost estimates are treated in much greater detail in Chapters II - VI below. Any variations are possible -- see Section 6, this chapter.
 2/ These MAF estimates assume an increase in RMC military purchases. As a minimum, the MAF transfer program set aside when RMC troops deployed to SVN could be reinstated.
 3/ Includes direct and indirect costs associated with US troops. Base-out begins in FY 71 and is included in FY 72. All cost reductions have been set forward into FY 73. Units could be maintained as reserves for 1/2 million p.a. more.
 4/ Includes only direct costs, above those needed to maintain the same forces in COMUS.

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TABLE 4-12

US ARMY PROGRAM PACKAGE ONE "B" POLICY CONTINUITY - RESOURCES BY PROGRAM
 (Major Program Costs in \$ US Millions at 1968 Prices)

	Fiscal Year (FY 73)	FY 70	FY 71	FY 72	FY 73	FY 74	One-Time Costs	FY70-74 Total	Major Budget Category	
									AID/NSF	NSF
Foreign Support										
NSC Support ^{1/}										
Land		107.5	139.5	153.8	93.4	87.8		602.1	602.2	
Air		30.7	40.9	63.6	33.2	35.9		242.1	242.3	
Naval		10.7	13.1	14.7	12.7	14.0		64.2	64.2	
Logistic Supplies							277.0	277.0		277.0
Counter Insurgency							66.8	66.8		66.8
Other MAP/CIC Prog.		12.2	26.1	72.6	16.3	32.2		96.6	96.6	
Subtotal		<u>166.7</u>	<u>219.5</u>	<u>254.7</u>	<u>175.3</u>	<u>169.9</u>	<u>343.8</u>	<u>1,309.1</u>	<u>1,072.1</u>	<u>277.0</u>
NS Support										
Land	25,063	873.6	873.6	873.6	419.8	419.8		3,466.4	3,466.4	
Air	5,700	20.4	20.4	10.0	18.8	18.8		97.2	97.2	
Naval	219	3.6	3.6	3.6	3.6	3.6		18.0	18.0	
NSAID	1,279	21.4	21.4	21.4	21.4	21.4		107.0	107.0	
Logistic Supplies							(-193.0) ^{2/}	(-193.0)	(-193.0)	
Construction							126.8	126.8	126.8	
Subtotal		<u>921.0</u>	<u>921.0</u>	<u>919.4</u>	<u>463.6</u>	<u>463.6</u>	<u>(-176.1)</u>	<u>3,506.3</u>	<u>3,506.3</u>	<u>116.2</u>
TOTAL FOREIGN SUPPORT	31,233	<u>1,089.2</u>	<u>1,108.6</u>	<u>1,173.6</u>	<u>638.9</u>	<u>633.5</u>	<u>167.7</u>	<u>4,815.4</u>	<u>1,578.1</u>	<u>3,237.2</u>
Economic/Political Support										
NSF/NSF Support										
Supporting Assistance		13.0	-	-	-	-		13.0	13.0	
Development Loans		38.0	23.8	20.0	-	-		75.8	75.8	
PL 480, Title I & II		63.8	38.8	33.0	-	-		135.6	135.6	
Other (M. etc.)		6.8	2.2	2.2	-1.2	-1.2		10.4	10.4	
Subtotal	30	<u>119.3</u>	<u>64.7</u>	<u>55.7</u>	<u>-1.2</u>	<u>-1.2</u>		<u>234.8</u>	<u>234.8</u>	
Political Development										
NSAID	20	.9	1.0	1.1	1.1	1.2		5.2	5.3	
Peace Corps	220	.8	.9	.9	.9	.9		4.4	4.4	
Other		()	()	()	()	()		()	()	
Subtotal	240	<u>1.7</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.1</u>		<u>9.7</u>	<u>9.7</u>	
TOTAL E/P SUPPORT		<u>117.0</u>	<u>66.6</u>	<u>57.7</u>	<u>-1.2</u>	<u>1.1</u>		<u>244.5</u>	<u>244.5</u>	
NS Operations Support										
Department of State		3.3	2.7	2.9	2.0	3.1		14.2	14.2	
CIA		()	()	()	()	()		()	()	
Other		()	()	()	()	()		()	()	
TOTAL US OPS Support		<u>3.3</u>	<u>2.7</u>	<u>2.9</u>	<u>2.0</u>	<u>3.1</u>		<u>14.2</u>	<u>14.2</u>	
TOTAL NS PROGRAMS		<u>1,206.7</u>	<u>1,175.2</u>	<u>1,226.2</u>	<u>634.4</u>	<u>634.6</u>	<u>165.7</u>	<u>3,123.7</u>	<u>1,336.2</u>	<u>3,787.2</u>

^{1/} Cost estimates are tracked in much greater detail in Chapters VI - VI below. Many variations are possible -- see Section 6, this chapter.
^{2/} These NSP activities occur as increases in NSC military purchases. As a minimum, the NSP transfer program set aside when NSC troops deployed to SVN could be reinstated.
^{3/} Includes direct and indirect costs associated with US troops. Phase-out begins in FY 71 and is concluded in FY 73: All cost reductions have been set forward into FY 73. Units could be maintained as reserves for 1 million p.e. more.
^{4/} Includes only direct costs, above those needed to maintain the base force in COMUS.
^{5/} Already funded.

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US Korea Program Package Two "A" Accelerated Self Reliance - US National Interest in Korea II
 (Major Program Costs in US Millions at 1968 Prices)

	Personnel (FY 71)	FY 70	FY 71	FY 72	FY 73	FY 74	Gen-Time Costs	FY70-74 Total	Major Budget Category	
									ARMY/AF	NSF
Defense Support										
NSM Support^{1/}										
Land		117.3	120.4	203.3	158.1	143.6		643.7	633.7	
Air		30.7	40.9	63.0	15.2	33.3		262.3	241.7	
Naval		10.7	11.1	16.2	12.1	14.0		64.1	64.1	
Logistic Supplies							203.0	203.0		203.0
Construction							50.3	50.3		50.3
Other MAF/CSC Prog.		18.8	16.7	11.4	9.7	12.4		68.6	61.1	
Subtotal		188.1	209.1	292.3	235.1	212.9	253.3	1,401.0	1,176.0	203.0
US Forces										
Land ^{2/}	30,000	875.4	875.4	875.4	845.0	845.0		3,716.6		3,716.6
Air ^{3/}	1,700	14.7	20.1	16.1	3.4	2.7		71.3		71.3
Naval ^{4/}	115	3.0	3.0	3.0	3.0	3.0		18.0		18.0
NSM ^{5/}	2,000	11.4	11.4	11.4	11.4	11.4		129.0		129.0
Logistic Supplies							(-441.0) ^{6/}	(-441.0)		(-441.0)
Construction							202.1	202.1		202.1
Subtotal		977.5	981.8	916.7	888.8	864.1	(-238.9)	3,691.6		3,693.0
TOTAL DEFENSE SUPPORT	30,901	1,113.4	1,202.4	1,209.1	1,204.4	1,077.0	12.4	2,172.6	1,176.0	1,026.0
Research/Political Support										
Defense/NSM Support										
Supporting Assistance		15.0	-	-	-	-		15.0		15.0
Development Loans		20.0	23.0	20.0	-	-		73.0		73.0
PL 480, Title 1 & II		63.5	38.0	33.0	-	-		134.5		134.5
Other (TC, etc.)		4.8	3.7	2.7	1.3	1.0		13.7		13.7
Subtotal	50	113.3	64.7	55.7	1.3	1.0		266.2		266.2
Political Development										
NSM	20	.9	1.0	1.1	1.1	1.2		5.3		5.3
Peace Corps	320	.8	.9	.9	.9	.9		4.4		4.4
Other		(.1)	(.1)	(.1)	(.1)	(.1)		(.4)		(.4)
Subtotal	340	1.7	1.8	2.0	2.0	2.1		9.7		9.7
TOTAL R/P SUPPORT		115.0	66.5	57.7	3.3	3.1		265.9		265.9
US Operations Support										
Department of State		2.3	2.7	2.9	3.0	3.1		14.2		14.2
NSA		(.1)	(.1)	(.1)	(.1)	(.1)		(.4)		(.4)
Other		(.1)	(.1)	(.1)	(.1)	(.1)		(.4)		(.4)
TOTAL US Ops Support		2.3	2.7	2.9	3.0	3.1		13.4		13.4
TOTAL US PROGRAM		1,234.9	1,281.6	1,269.8	1,210.7	1,083.1	12.4	2,438.1	1,191.0	1,046.4

^{1/} Cost estimates are treated in much greater detail in Chapters II - VI below. Many variations are possible -- see Section 4, this chapter.
^{2/} These MAF estimates assume no increase in NSM military purchases. As a variant, the MAF transfer program set aside when NSM troops deployed to SVK could be reinstated.
^{3/} Includes direct and indirect costs associated with US troops. Phase-out begins in FY 72 and is concluded in FY 73: All cost reductions have been set forward into FY 71. Units could be maintained as reserves for 2 million p.a. cost.
^{4/} Includes only direct costs, above those needed to maintain the same forces in COMUS.
^{5/} Already funded.

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SECTION 7: OBSERVATIONS ON IMPLEMENTATION

A major constraint on the choice of Korea policy packages is the predicted availability of funding. Doubts about the adequacy of future funding can inhibit planning and policy choices even before a program is designed. Perennial denial or shortage of funds at the time of appropriation reinforces this bias. Accordingly, one may feel that the U.S. should not attempt to expand certain categories of resource transfer to the ROK, since we might thereby construct a carefully balanced schedule of such inputs, including items from different programs, sponsored by different agencies and screened by different congressional committees, and with different degrees of "constituency", only to find that it is irregularly or deficiently funded. The result might be troops lacking in effectiveness in future years when they might be put to the test.

Thus, there is an inevitable tendency to opt for safer, "minimal" policy packages or strategies -- those that tend to center on the status quo, avoiding the need to develop support or pressure for any obvious change within one of the traditional accepted program categories -- or without even apprehending the possibility of "trading-off" an input such as U.S. troops stationed in Korea against another input such as MAP-funded modernization of the ROK Army. This caution itself might create distortions in the program mix and lead to the selection of a much higher cost strategy, which is not nearly as effective, or which is below the threshold of security, or which does not optimally serve U.S. interests.

At this point it may be useful to range over possible funding sources. In order to assess the likelihood that funding, either in dollars or in equipment, will be available for alternative elements of the program, we will (1) state the whole 5-year costs of a few "benchmark" policy packages, (2) match presently programmed resources against these package costs, (3) derive the "shortfall" in each case, and (4) try to identify possible sources of the necessary additional funding, whether ordinary or extraordinary, dollars or equipment (original or surplus), MAP budget or Service-funded, grant or concessionary Foreign Military Sales. These considerations are reflected in Table 7-1 on the next page.

The table states program costs excluding, for the moment, the item of direct U.S. troop deployments. This serves to highlight the fact that any program to strengthen ROK forces -- either a rounding out of present programs to constitute "Policy Continuity" or a move to "Accelerated Self Reliance" -- will entail additional funding, since no feasible trade-offs are available within the set of items that excludes U.S. troops. The full cost of U.S. troops is then stated among possible additional sources of funding for the alternative program packages.

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 FORM 7-1

U.S. AIR FORCE OPERATIONS IN THE PACIFIC
 (in \$ Millions of 1964 Dollars)

FUNCTIONAL AREA	Operating/	1964	1965	1966	1967	1968	1969	1970	1971	Change From
I. Major Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	208.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	420.0	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.6	1,968.4
I-A Increased Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--
I-B Reduced Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--
II. Associated Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--
III. National Guard in Korea										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--
IV. Other Operations Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--
V. Other Activities										
USAF	212.0		211.2	211.1	209.3	208.2	207.0	205.0	204.5	
USAF/Other	211.2	197.0	197.0	197.0	197.0	197.0	197.0	197.0	1,582.1	984.2
Subtotal:	423.2	394.0	408.2	408.1	406.3	405.2	404.0	402.0	3,164.2	1,968.4
Change From Program 1	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--	(-11.4)	--

1. US Air Force operations in the Pacific, 1964-1971. This report covers US operations in the Pacific and the Caribbean, Asia/Pacific, Europe, etc. and does not include other US activities in the Pacific and Caribbean, Asia/Pacific, Europe, etc. totaling \$27.5 billion already funded.

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Excluding the savings that might occur through removing part or all of the U.S. troops in Korea from the force structure during the period FY70-74, the main cases of policy packages I ("Policy Continuity") and II ("Accelerated Self Reliance") show a need, over five years, for \$57 million and \$683 million respectively, over the currently projected program inputs.

Possible sources for the additional resources needed include:

Supplemental MAP budget appropriation. Supplementals of \$100 million in FY68 and the possibility, now under discussion, of \$100 million for FY70 are evidence that substantial amounts can be obtained through this means. However, these appropriations have been, in all cases, timed and psychologically related to crises provoked by the North Koreans, and would be difficult to introduce otherwise.

Equipment of ROK units now in Vietnam. Land force equipment items also in the proposed modernization packages, consisting of \$16.9 million of combat and \$102.4 million of support, have been given by the U.S. to two and one-third ROK divisions now fighting in Vietnam. We could make the decision to let the ROKs return to Korea with this equipment.

Equipment of U.S. divisions now in Korea, if withdrawn. If the decision is made, under one of the policy option packages, to reduce or withdraw entirely U.S. combat troops, and further, to drop them from the active force structure, then varying amounts of division equipment might be made available to the ROK Army. The dollar amounts would range from roughly \$77.1 million if one U.S. division were removed (Policy Package One B, and Two A and C) to \$151.9 million if two divisions were removed (Policy Package Two and Two B). The split between combat and support equipment would be about 40%:60%.

Additional Service funding. This could be either through regular or supplemental defense budgets. Certain classes of items, such as airbase perimeter defense, airbase construction, strengthening of the DMZ defenses, can plausibly be placed in U.S. defense budget categories. At times, even explicit ROK armed forces modernization items have been included in proposals for U.S. defense appropriations; an example is the CIGFIR proposal, which included \$15 to \$40 million for ROK force improvement (see discussion in Chapter 5).

Additional ROK budget expenditures. The burden of additional defense costs could be shifted to the ROK budget, through substitution of concessionary Foreign Military Sales (FMS) purchases, or even direct purchases of arms. An examination of the ROK economy tends to show that Korea could absorb as much as \$240 million over the next five years in additional defense expenditures. (MAP transfer, on the other hand, has already been assumed to be in effect in our calculations embodied in Table 7-1.)

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Funds now allocated to maintain U.S. troops in Korea: Present expenditures to maintain U.S. troops in Korea and in the active force structure, including their support and manpower "overhead", constitutes the largest potential "source" of funds for other programs aimed at promoting Korea's security. Funds that might be made available by removing and/or inactivating one or both of the two U.S. divisions now in Korea are illustrated in the table on the next page.

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TABLE 7-2

FUND SAVINGS FROM U.S. LAND FORCES
(Savings in \$ million)
(FY 73 & 74 only)

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<u>Withdrawal Option</u> (No. of Divisions Withdrawn)	<u>Policy</u> <u>Package</u> <u>Number</u>	<u>Savings if</u> <u>only removed</u> <u>from Theater</u>	<u>Savings if</u> <u>Inactivated</u>
1	I-B II-C	143.0	911.6
1 and the remaining division strengthened and in regional reserve posture	II-A	109.2	661.2
2 but leaving certain support forces	II II-B	369.8	1,591.6

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