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Journal of Soviet Ambassador to the DPRK A.M.
Puzanov for 13 May 1957

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Summary:

During their discussions on the development of North Korea, the Soviet delegation and DPRK delegation exchange opinions on capital investment and consumer goods production. Puzanov then draws on his trip to Hamgyong and summarizes his conclusions on the DPRK's repairs to enterprises damaged by war, increased industrial and agricultural production, and shortcoming in meeting the needs of the population and economic efficiency.

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The Journal of Soviet Ambassador to the DPRK A. M. PUZANOV
for the period 6 through 29 May 1957

Pyongyang

[...]

13 May 1957

In a conversation held in the evening Kim Il Sung expressed in detail his ideas about the amount of capital investment for 1958 and the issue of increasing the production of consumer goods.

Touching on the issue of size of capital investment in the republic's economy for 1958, Kim Il Sung said that Gosplan had projected the amount of capital investment for 1958 at 6 billion won less than in 1957. He considered such planning to be incorrect. It seems to him that the size of the capital investment for 1958 needs not to be reduced but even increased somewhat since the interests of the development of the economy demand this. Gosplan made such a projection in connection with the shortage of money for capital investment. Therefore this issue has been extremely worrying him recently and, consulting with a group of senior officials, he had carefully sought a way to increase capital investment. Now as a result of the work which had been done, said Kim Il Sung, I can firmly state that we will not only not reduce the amount of capital investment by 6 billion won but we will be able to give somewhat more budget appropriations for capital construction than in 1957. We will seek the resources for this by increasing the output of consumer goods, increasing the fish catch, and by reducing the prime cost of capital construction, and it is also not excluded that we will float a state loan of about 4 billion won. It is true that this issue has still not been decided and is being worked out. But if a loan of this size is floated then the subscription of manual laborers and office workers is about 10 days' wages.

In return, I directed attention to the fact that it is necessary to develop the production of consumer goods with local industry in considerably larger amounts than is being done at the present time, and with the aid of cottage industries. Therefore, one ought to think over what additional steps need to be taken to interest handicraft workers, to give some help, and, firstly, to give help with some kinds of raw material, waste products from production which might be used to produce consumer goods, etc. In addition, I shared the experience we had in the Soviet Union to increase the

production of consumer goods; we organized production at all enterprises, including large heavy industrial enterprises.

Kim Il Sung listened closely to the comments and advice and said that they ought to actually adopt the experience of the Soviet Union in this field and carry out additional steps to improve the production of consumer goods.

I also expressed a desire that it would be very good if the KWP CC and DPRK government adopted a broad decision based on the results of the work of industry in the first half of the year in which an assessment would be given of the fulfillment of their commitments by the collectives of enterprises: they show the best enterprises and sectors of the economy and also reveal the serious shortcomings which exist in the work of a number of important enterprises. In connection with the fact that the national holiday of the republic is noted in August and elections to the Supreme People's Assembly will also be held, it might be possible to call upon the workers to broadly develop work to properly commemorate the important dates with the best production successes. Undoubtedly, a competition in honor of the 40th anniversary of the Great October Socialist Revolution would produce a big upsurge and labor activity, especially as many collectives of enterprises have already undertaken commitments for additional production output in connection with the 40th anniversary.

Kim Il Sung completely agreed with this and said that they will think over these questions.

Some issues of the main outlines of the first five-year plan were also raised in the conversation, especially regarding agriculture, the production of consumer goods, and an increase of the fish catch.

Pak Jeong-ae [Pak Jong Ae] was present and also took part in the conversation.

SOME CONCLUSIONS

1. In the three years since the establishment of the armistice enormous work has been done in the DPRK with the aid of the Soviet Union, the PRC, and countries of people's democracy to repair industrial enterprises and rail transportation destroyed during the war.

2. The visit to the provinces of North Hamgyeong and South Hamgyeong showed the great labor and political enthusiasm of the workers of the republic. This was created by the fact that the KWP CC has recently carried out a number of steps directed at improving ties with the masses, involving the masses in a broad identification of resources and increase of production, and improving industrial and agricultural management. The December KWP CC plenum, which discussed the plan for economic development for 1957, played a great role in this regard. The plenum was held with broad participation of Party activists and low-level officials. After the plenum KWP CC Presidium members and other senior officials went to enterprises and agricultural cooperatives where they explained the decisions of the plenum and addressed requests to the workers and members of agricultural cooperatives to identify opportunities to considerably overfulfill the plan. The decision of the December KWP CC plenum found full support from the workers. At many enterprises additional reserves and opportunities to considerably increase industrial production were found. The examples for the plants cited above in the journal are typical in this regard (the Kim Chaek Metallurgical Plant, the steel mill in Cheongjin, the synthetic fiber plant, and others). The August KWP CC plenum, which discussed the issue of a further increase of the fish catch, had the same great importance.

Information about the fulfillment of the industrial plan shows that the majority of enterprises not only are fulfilling the established state plan, but also the commitments accepted by workers' collectives in response to the December KWP CC plenum decision.

According to data of the DPRK Central Statistical Directorate the gross production output of DPRK state and cooperative industry in the first quarter of 1957 was fulfilled by 110%. In comparison with the first quarter of 1956 gross production of industry rose by 36%, including state [production] by 32% and cooperative [production] by 88%.

The fulfillment of the plan to produce the most important kinds of DPRK industrial products in the first quarter of 1957 is described by the following data:

Types of production	Unit of measurement	Actual in the 1st quarter of 1957	% of the plan fulfilled	% of the plan fulfilled by the 1st quarter of 1956
electrical energy	millions of kilowatt hours	1736	117	105
coal	thousands of tons	151	151	105
cast iron	"	60.8	115	108
steel	"	55.9	123	107

rolled metal
"

46.6

125

110

151

iron ore

"

143.5

118

90

270

mineral fertilizer
"

73

110

104

174

iron pyrite

"

51.5

109

97

254

cement

"

199

111

101

142

calcium carbide

"

32.9

102

97

172

cotton fiber

millions of meters

21.6

112

110

-

□□□□

seafood catch

thousands of tons

63.6

109

93

- □□ □□

The gross industrial production plan in April was fulfilled by 113.8%.

The fulfillment of the 1957 spring planting plan is going successfully. As of 20 May the planting of crops in waterless land was conducted over an area of 1,560,000 hectares (including winter crops), which is 85.2% of the plan. The planting of early summer crops in waterless land (without taking into account late vegetables, buckwheat, and reseedling) was 98.9% fulfilled. The planting plan in waterless land was 105% [fulfilled] compared to the corresponding period from last year.

The corn planting plan was 114.6% fulfilled. Corn was planted on 688,700 hectares.

The potato planting plan was 112% fulfilled (the plan was 110,000 hectares; 123,000 hectares were planted).

The cotton planting plan was 101% fulfilled (the plan was 24,800 hectares; 25,000 hectares were planted).

As of 20 May the plan for planting and replanting rice was 10.8% fulfilled; rice had been planted on 52,000 hectares, which exceeds the level of the corresponding period for 1956 by 46,000 hectares. Such a sharp increase of the planting area of young plants compared to the corresponding period from 1956 is explained by the broad use this year of a method of cultivating rice seedlings by the "cold procedure".

3. In all agricultural cooperatives in which [we] had occasion to be present before and during the visit the peasants invariably noted the correctness of KWP CC and DPRK government policy directed at uniting agriculture into cooperatives. At the present time unification into cooperatives has included 85.5% of all peasant farms of the country. There are 15,893 agricultural cooperatives in the DPRK, which unite 845 of all arable land. In 1956 the gross grain production in the DPRK exceeded the 1949 prewar level by 8%. Unquestionably, these successes have been achieved thanks to the collectivization of agriculture since the acute shortage of manpower and also of draft animals, the level of destruction of the irrigation systems, and other difficulties could only have been overcome in such a short period by joint efforts, that is, with a collective system of agriculture. It also ought to be noted that in the DPRK's conditions mineral fertilizers play an extraordinarily important role in grain production. But as a result of the fact that fertilizer plants were completely destroyed during the war years, the DPRK government [only] managed to give the peasants a very small quantity of mineral fertilizer in the first two postwar years. Therefore in matters of grain production it was necessary direct more effort at the full use of local fertilizers and pursue a whole series of other agrotechnical measures which compensated to some degree for the acute shortage of mineral fertilizers.

Taking into account the serious mistakes and blatant excesses [peregiby] committed when procuring grain in 1954-1955, the KWP CC and DPRK government a whole series of measures were carried out creating an interest in the members of agricultural cooperatives and peasants in increasing agricultural production. Such measures include a law about an agricultural tax in kind establishing the amounts of the tax in kind depending on the soil and climate conditions of a particular region and

giving considerable preference to agricultural cooperatives and peasants reclaiming land neglected during the war, and the establishment of increased procurement prices for grain products. When procuring rice from the 1956 harvest the state set prices at an average of 80-85 won per kilogram, while for the 1954 harvest grain was procured at prices of 52-65 won per kilogram. These measures, along with an increase of grain production in 1956, provided an opportunity for the DPRK government to considerably overfulfill the procurement plan. In connection with the poor harvest because of early frosts in the province of North Hamgyeong the government considerably reduced the amount of the tax in kind paid by the peasants of the province of North Hamgyeong, releasing a considerable portion of the peasants from repayment of grain loans and the payment of arrears, and reduced the payment for the use of irrigation facilities.

In conversations with the peasants of agricultural cooperatives of the province of North Hamgyeong we did not have occasion to hear complaints of a shortage of food. Peasants noted that in spite of the fact that they had received little for a day working grain in view of the poor harvest, they had been granted an opportunity to earn the necessary money from developing ancillary crafts and to buy grain from it.

4. The population of the province of North Hamgyeong and the province of South Hamgyeong have good political attitudes. In their statements at conferences, gatherings, and meetings of activists, and in conversations manual laborers and peasants noted the improvement of [their] economic circumstances. The most acute problems in requests and appeals to the government and KWP CC were

- an acute shortage of housing;
- the supply of industrial goods;
- the construction of child care institutions;
- the construction of cultural institutions.

5. [The following] shortcomings which are the most common and call attention to themselves should include: the extremely inadequate attention from economic managers and leaders of Party committee and government bodies toward matters of lowering prime cost and the introduction of cost accounting at enterprises. It should be noted that, in speaking of all the aspects of production activity in their reports and information to Kim Il Sung during his visit to the enterprises, the managers of the enterprises avoided questions of prime cost, and even Kim Il Sung himself and the senior officials accompanying him were not interested in such questions. It is true that it was worth it for us to direct the attention of the managers at one of the enterprises to questions of prime cost and cost accounting, as in all his subsequent statements Kim Il Sung has invariably stressed the seriousness and great state importance of these questions.

At a whole series of enterprises the extremely poor use of production areas calls attention to itself, about which there is specific information in the journal concerning plants (the machine-building plant in [Ranam], the electrical insulation plant in Geumseong, etc.), but also a considerable amount of unused equipment which had arrived as aid from the Soviet Union and countries of people's democracy. It should be said that at enterprises the designs of which were done in the Soviet Union and built with the aid of Soviet specialists, the use of production areas is undoubtedly better and compares favorably with the production areas built by the Korean friends from their own designs. Kim Il Sung reacted very actively and vigorously to our suggestions about the best use of the production areas and right on the spot gave a number of specific and direct instructions about these questions. He also completely agreed with our suggestions about conducting a more accurate accounting of all the existing unused equipment in order for Gosplan and the appropriate ministries to then determine where and how this equipment should be used in the immediate future.

At almost all enterprises we visited, with few exceptions, fire prevention measures were very poorly done (the electrical insulation plant in Geumseong, the shipyard in Cheongjin, etc.).

At a whole series of enterprises where there are modern highly-efficient machine tools and other equipment there are a whole series of works that are completely unmechanized, where heavy physical labor is used in large numbers, while, as is evident from journal entries (the firebrick plant in Seongjin), the necessary mechanisms (presses, equipment) for the mechanization of the work are present at the site.

At all construction sites they had occasion to visit prefabricated construction and also reinforced concrete are extremely rarely used in construction, although the use of reinforced concrete in Korea has its own long history, since at one time many plants were built of reinforced concrete. On in the construction of the plywood factory did we encounter the use of reinforced concrete girders. The fact stands out that reinforced concrete was not used in all the plants we inspected which were built from designs and with the aid of Soviet specialists, and all beam ceilings were designed for and made of metal.

6. The trip showed that in spite of the fact that comparatively little time had passed since the April CC plenum, which examined the issue of the fishing industry, the plenum's decisions were conveyed to manual laborers and workers' association members and found a ready response and active support among fishermen. The aid given fishermen by the state also increased notably and an entire series of measures are being employed and carried out which are directed at increasing the fish catch: the organization of the exploration for fish, the organization of the deep water catching of fish, and the arming of fishing schooners with machine guns so that possible attacks by South Koreans can be repelled when going great distances out to sea. Notable also is the increase of attention from Party organizations and local authorities to an improvement of the living conditions of the fishermen.

There is information about the fish catch that demonstrates that more fish were caught in the past period of 1957 than during the same period of 1956.

7. When visiting enterprises, agricultural cooperatives, stores, communal housing, and other organizations and institutions Kim Il Sung was deeply and broadly interested in production work, the daily routine, life, and culture, and paid attention to the most important and substantive issues of production and way of life with knowledge of the matter, talked with the workers and students in production and in communal housing simply and clearly.

It needs to be noted that during the trip there were no noisy demonstrations, especially of servility toward or glorification of Kim Il Sung.

Both during the trip throughout enterprises and cooperatives and during conversations Kim Il Sung and Pak Jeong-ae invariably listened closely to and took into account our comments and advice, and also the comments, advice, and suggestions of Soviet specialists.

During the trip Kim Il Sung and Pak Jeong-ae frequently shared much of their ideas and suggestions about how to best organize an increase of agricultural production, the fish catch, and the production of consumer goods in order to more rapidly and better meet the requests and needs of the population.

[...]

SOVIET AMBASSADOR IN THE DPRK
[signature] (A. PUZANOV)

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