

## June 21, 1955

# Record of Conversation with Chairman of the Jagang Provincial People's Committee Illarion Dmitriyevich Pak

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## **Summary:**

Illarion Dmitriyevich Pak informs Petrov of the expanded KWP CC Presidium meeting, specifically dealing with steps to improve the management of agriculture and issues of Party and state leadership.

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FROM THE JOURNAL OF Embassy Counsellor A. M. Petrov

Record of conversation with Chairman of the Jagang Provincial People's Committee Illarion Dmitriyevich Pak [Pak Ch'ang-sik]

18 June 1955

Pak came to me in the Embassy at his own initiative. In conversation Pak informed me of the following:

An expanded meeting of the KWP CC Presidium began on June 15 with the participation of the secretaries of provincial KWP committees and the chairmen of provincial People's Committees, and also senior officials of ministries and departments. A total of about 120 people were present. The meeting has lasted three days and will probably end on Monday, 20 June.

One issue was on the agenda, steps to improve the management of agriculture. Kim II Sung, who gave a report, dwelt on the results of an unofficial trip to Moscow and the consultations and advice received there about fundamental issues of Party and state leadership. Kim II Sung said that the draft KWP program which has been drawn up has a number of shortcomings in its content particularly in that part where it deals with the issue of building socialism and the methods of solving the Korean question. In Kim II Sung's opinion, now is not the time to discuss a new KWP program.

[Handwritten at the bottom of the first page: "to Cde. V. I. Petrukhov"]

Speaking of the draft of the new five-year plan, Kim II Sung pointed out that as a result of the conversations with the Soviet leaders it had become clear that the rough drafts of the new five-year plan were unrealistic in regards to industrialization and therefore the draft of the five-year plan should be reexamined in the direction of reducing the capital investment in industry and increasing it for agriculture. Kim II Sung dwelt in detail on the state of affairs in agriculture. He pointed out that in the opinion of the Soviet friends the KWP and DPRK government have underestimated the difficulties in agriculture and have adopted an incorrect policy of accelerating the cooperation of peasants without having the necessary economic base for this. Cooperation, which right now covers about 50% of all peasants, was mainly done from the farms of laborers and the poor, and now they cannot get such aid from the state, relying on which could show the advantage of the cooperative way of farming over the individual way. Many cooperatives which have been created do not have or have almost no draft animals - one or two bulls for the 15-20 peasant farms joined into a cooperative.

Therefore, in Kim II Sung's opinion, now the process of cooperation of farms should be

halted and the creation of individual cooperatives permitted in exceptional cases when a newly-created cooperative actually has the necessary economic base (draft animals, etc.).

All the attention of the KWP and government organizations should be directed at strengthening economic management of the production cooperatives which have been created.

At the same time more effective means should be found to increase the production of grain and other agricultural crops by both agricultural cooperatives and individual peasant farms.

Capital investment in new irrigation construction and an expansion of existing irrigation structures should be increased already in this year, and these investments in industry reduced.

In Kim II Sung's opinion, it is necessary to expand the planted area by a minimum of 50,000 jeongbo before 1956 through coastal and semi-mountainous plots, and also the land which fell out of tillage because of the war (the plots not worked as a consequence of being mined, not cleared of craters, etc.).

Bring the peasants' supply of mineral fertilizers to 160,000 tons by 1956 through an increase of our own production and deliveries from the Soviet Union.

Kim Il Sung devoted great attention to the issue of carrying out measures which would even now provide the peasants incentives to increase agricultural production. He pointed to the need for some reduction of the tax in kind this year in order to develop a new system by next year which would stipulate the elimination of the tax in kind and the introduction of a defined system of state deliveries and a state monetary agricultural tax.

As Kim II Sung pointed out, it is necessary to eliminate this year the planning of state purchases of grain which, like last year, was extended to each peasant family. Grain purchases can be done by cooperative organizations only on a voluntary basis at market-rate prices and in exchange for the sale to the peasants of manufactured goods in short supply. In particular, contractual agreements concluded with production cooperatives this year for their sale to a consumer cooperative of 30,000 tons of grain from the new harvest should be supplied against manufactured goods in short supply at reduced prices so that the quantity of goods they receive is more than they could buy at commercial prices when selling bread on the free market.

Kim Il Sung reported that in light of the consultation received in Moscow it has become clear that the KWP CC and government had made a big mistake in prohibiting the peasants from the free sale of grain after they paid the state tax in kind.

As Kim II Sung noted, the KWP CC Political Council and government were most at fault in questions of the incorrect conduct of the grain purchases and the prohibition on the private trade in grain. Kim II Sung presented measures which have been outlined to correct these mistakes. In particular, he stated that it is planned to completely lift the prohibition on the private trade in grain beginning on July 1st. The free trade in grain by peasants with some reduction of the tax in kind will lead to a revival of trade turnover between the city and countryside, an increase of the peasants' living standards, a revival of the activity of private public food service enterprises, in the processing of grain, etc, and this will more comprehensively serve the needs of the population of cities and industrial centers.

Kim Il Sung also noted the incorrectness of the policy of the forcing private business owners out of small enterprise activity and private trade which was being pursued until recently.

Consequently, Kim II Sung reported measures outlined to abolish a number of restrictions on private business owners. In particular, in his opinion, [they] ought to encourage initiative to attract private capital in the organization of enterprises to produce consumer goods especially, and to reexamine the tax system in the direction of lowering it for all private business owners, primarily those engaged in the production of consumer goods from local raw material. Make it easier for them to receive state credits on favorable terms, etc. These are briefly the main issues which Kim II Sung presented in his report at this meeting.

Then Kim II Sung frankly stated that the proposed measures result from those consultations which took place in Moscow during conversations with Party and government leaders of the Soviet Union. Kim II Sung said that the conversations in Moscow had the nature of a frank and friendly exchange of opinions and that he, Kim II Sung, thinks that we have thereby been given great help in improving the management of the economic and cultural development of the DPRK.

In reply to my question, whether issues were raised in the report of the activity of groups, particularly the group of Pak II-u, Illarion Pak replied in the negative. Illarion Pak reported that he himself and other senior officials, especially leaders of provincial Party and government bodies, greeted the planned measures which were the result of the consultations received in Moscow with great satisfaction and approval. Kim Il Sung himself declared to a narrow circle of people that in Moscow he received a shot of energy for Party and state leadership for a whole year. In the narrow circle, sharing the impressions from the trip to Moscow, he said that the Soviet friends not only advised but also asked [him] to rely as much as possible on a collective leadership when solving the most important Party and state issues.

In the same circle Kim Il Sung said that [they] ought not rush with organizational conclusions with respect to the group of Pak Il-u, that he himself will talk with Pak Il-u personally and he ought to be given a last chance to correct his mistakes in practical work.

At the end of the conversation Illarion Pak talked about the situation in agriculture in the province of Jagang. He noted in particular that the food situation of the peasants continues to remain serious. Up to 80% of the peasants are hungry and mainly eat the roots of wild trees and various green grasses.

Pak said that from the speeches of the representatives from the floor at this meeting one could conclude that the situation of the peasants in other provinces also continues to remain serious.

During the meeting Kim II Sung asked that the peasants' minimal needs for grain before the new harvest be reported. I, Pak, begged for 3,000 tons. One thousand tons were released to us right now from state reserves as a result of the consideration of this request. The tense situation with food in our province will continue until the end of July, that is, until the harvest of upland grain crops and potatoes.

In spite of the difficult food situation, planting is mainly being done at the established times. Units of the People's Army and also the population of cities and school children have given much help in replanting rice seedlings.

The prospects for the harvest are good, which has a positive influence on the mood of the peasants.

I thanked Pak for the information.

Embassy First Secretary I. S. Byakov took part in the conversation.

Embassy Counsellor [signature] (A. Petrov)

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- 1 to Cde. Fedorenko
- 2 to the DVO
- 3 to Cde. Tugarinov
- 4 to file

Drafted by Petrov

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