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Memorandum of Conversation with Zhou Enlai

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Summary:

Zhou Enlai and the Albanian Ambassador hold further discussion on economic cooperation between Albania and China.

Original Language:

Albanian

Contents:

Translation - English

30 January 1961

ON WHAT COMRADE ZHOU ENLAI SAID TO US
(At the second meeting of 30 January 1961)

People present at the meeting: From the Chinese side was the same group from the first meeting. From our side there were Spiro Koleka and Mihal Prifti.

After we delivered the answers to the questions that the Chinese side had raised during the meeting of 17 January 1961 and requested the loan for 100 + 600 million rubles = 700 million rubles, comrade Zhou Enlai pointed out that he had a question.

Zhou Enlai: Aside from the loan delivered on January of 1959 for the years 1961-1965, you are seeking a new loan, is that correct?

Spiro Koleka: Yes.

Zhou Enlai: In other words, aside from the old loan of 55 million rubles you are also requesting a new loan of 600 million rubles.

Spiro Koleka: Yes, without including here the loan for 1961.

Zhou Enlai: Then you are requesting a total of 700 million rubles. We have an opinion on this matter. We are thinking of giving you 100 million rubles this year and for the years 1962-1965 a total of 400 million rubles. These figures were discussed in the CC of our party. On this issue we have a few propositions (the translator used the word 'assumptions') to make to you. And these propositions are well-founded. And here it is where these propositions are founded. They are founded, as I also mentioned the last time we spoke, on your needs and our capacity.

I wanted to also add a few thoughts based on our experience and wanted to make a few constructive propositions for your country. I knew that in order to complete the third five-year plan you were in need of 800 million rubles. This fact we received from [Vice-Chairman of the Ministerial Council and Member of the CC of ALP] comrade A. Këllëzi. We think that if this course is followed, it will not be easy for your country (economically) to accomplish such a task. We think that it is not easy for your country to burden the economy with such weight, because your resources, both above and below ground, and your working force cannot carry the load of (cannot cope with) such investments.

We think that all the socialist countries follow certain mutual rules. And what is this rule? This rule says that if farming cannot be achieved (its development) then the development of the industry is also hindered. Now let us look at how farming is doing and whether it is achieved. Are the grains, workforce, raw resources and market achieved? At the moment, neither you, nor we and the Soviet Union have secured farming in certain areas. For example, in the Soviet Union the percentage of peasants is much higher than that of the United States of America. There are fewer farmers in the USA, hence, she is more advanced and the industry is more developed. In the Soviet Union the level of farming mechanization is much lower than that of the USA. Irrigation levels are also lower. The electrical energy is still not enough and the chemical fertilizer levels are much lower than those of the USA.

If Albania, a country of a population of only 1.6 million souls, will try to develop its industry at such [high] rates, will its agricultural capacity support such a heavy

industrial burden? I also mentioned last time we spoke that agriculture has a particular priority. You must increase the efficiency of farming and secure grains without import. When you develop your agriculture, even if there are natural disasters, people will have bread to eat, which is why we advise that during the third five-year plan you ensure bread [grains] without import. In other words, to ensure that you produce all the grain you need, you must achieve an annual production not of 250 thousand tons, not of 400 thousand tons, but production of a total of 600 thousand tons. This way, for your population of 1.6 million souls you will have ensured 400 kilos of grains [per capita] per year. This will be used partly for basic nutritional needs, partly for seed, and partly for animals.

We know very well that ensuring 400 kilos of grains per person is not easy. For example, last year – a year of natural disasters – we only produced 250 kilos grains per person, in fact, even less. In your case, where the workforce is smaller, naturally a higher level of mechanization is needed, especially as you also need manpower for irrigation. To ensure success you need higher investments, more machinery and a faster pace of progress than us. This is the only way to solve the farming problem so that you can produce the necessary 400 kilos per person.

From agriculture you then could draw raw materials needed by the industry. When we speak of agriculture we also include husbandry and dairy production, fishing, the timber industry and other auxiliary resources. Thus, once these areas are well developed, industry will also develop, you will recover your initial investment and the people's living standard will increase. Once agriculture, along with husbandry and dairy production, fishing, timber industry, etc. develops, light industry will also develop and then you will have a real increase in production and prosperity.

You should seek to develop those areas of industry which have greater potential for growth and importance. You cannot assure the development of all areas of heavy industry. You should develop those areas of heavy industry where you can afford to use your workforce, which is not big enough to do everything. If you try to develop heavy industry, you should keep in mind the raw materials, workforce and equipment needed, and the capacity on our part to give you the necessary technical aid and equipment. We know, for example, that you have petroleum. Petroleum needs equipment, technology and machinery to be exploited. For the next two, three years we are not able to help you with those, we simply do not have them. You need pipes and other equipment. We do not possess refining and processing equipment for petroleum. We import all such technology. If your ambassador would visit Harbin, he would see that our petroleum sits in large puddles. I am telling you now an economic secret of ours: we cannot move it from there because we do not have the necessary pipes.

I'll give you a second example. You need chemical fertilizers. We know that they are important for your agriculture and are sorely needed, but you should keep in mind that you do not have enough coal and we cannot furnish you the equipment. Even the smaller equipment we have, we have had to import, and as for the large works we have, those are still in the experimental stage. So we cannot furnish you with what you need. You want to build a thermal power station with a capacity of 50 thousand KW, but for the time being you cannot get all the coal it needs. The same goes with petrol. Even if you could get the petrol needed for this, we do not have the necessary equipment and cannot help you with the technological needs either.

We think that the previous help you have received from the Soviet Union and other friendly countries in Europe has not been completely suitable to your conditions. We believe that if we follow the same course, you will move beyond your capacity.

You require a series of industrial works; today you asked for a few new ones (he is talking about a few new works, sixteen of them, that we saw in different countries.

Some of these are non-interconnected works and the others are from those advised by A. Këllëzi). I have just seen the list. Naturally, it is a good thing that you have a desire for a lot of things. We also went through the same desires in the beginning just like you. But, I wonder, is it prudent to follow such a course? There must be ranking for such things. There must be a decision which should be constructed first and which later; which is more important and which is less. You want to build many works, but based on your workforce and your technicians, you are not able to achieve all of your goals and we are not able to help you with everything. We cannot make many propositions to you on the course you should follow, but let us see the situation in your country first-hand, let us familiarize [ourselves] with your economy and then we can discuss these issues from better positions. Obviously, Albania is in a difficult situation. She cannot secure all it needs for herself, due to shortages in workforce and her geographical position which has her surrounded by enemies, so she is forced to ask for help from abroad. But we think that you should secure your common usage goods yourselves. You must secure yourselves on your own, because if you are blockaded from abroad, you should have the capacity to produce all you need, as we might not be able to help you with such goods, which cannot be transported by plane.

We know very well that should you be provoked by others, you will fight to the end. We are certain of this. But in the next few years you need to develop your agriculture and light industry. These are our thoughts and propositions arrived at based on our 11-year experience. In the morning I spoke with our comrades and we were saying that a large country has its difficulties, but a smaller one has its own also. We understand you fully.

Now, what are the concrete steps should we take?

First. For this year, we should decide on the new loan for the goods discussed in the correspondence between [Chairman of the Ministerial Council and Member of the Political Bureau of the CC of ALP] Comrade Mehmet Shehu and me for the 190 thousand tons of grains and other food stuffs; these come up to about 66 million old rubles.

Second. For list number 1 we have analyzed the 85 articles you are requesting [see document doc20, page 2]; those come to about 70 million rubles. For the moment, we can furnish you with goods of around 14 million rubles in value. We can produce about 30 million rubles more in goods this year, but we must first talk to the pertinent departments, because the planning for this year has been designed and we need to find the appropriate raw materials for them, etc. Nonetheless, we should eventually be able to furnish you with about 60% of the goods on the list, though, for the moment, we are unable to do so. Hence, we cannot give you a concrete answer at this point. So, the grains and these other articles value about 100 million rubles. For the other years we will have a total of 400 million old rubles.

(Answering our remark that these goods have a value of 110 million rubles and not 100 million, the Vice-Minister of Foreign Trade said that the list's value is less, so in total the value of 100 million is not surpassed.)

From your request for 100 million rubles for agricultural equipment and tools, for this year and the next we can only furnish you a small amount, because we do not have all of it. We also have a large deficit. If the next few years we are more successful, we will give you more and can fulfill a part of your requests. The 300 million rubles shall be used for the works of the next few years, or about 70 million per year. They cannot be used for 1961; we cannot furnish you with the equipment.

As the comrades of the Planning Commission told me and as the experience with Vietnam, [North] Korea and Mongolia has shown, we can tell you that it is not an easy thing to build all those works. Many things need to be taken into account: securing the

necessary workforce, equipment, etc. You could secure those things with this loan. Our equipment does not cost much compared with the other countries, but this is a large volume of goods. We are concerned that you will not be able to use them and will have to push their usage into the next five-year plan. [North] Vietnam went through the same thing. Though a country of 16 million, it is not able to provide 40 thousand workers for construction, because more are needed for other projects as well. The Vietnamese comrades asked that the deadlines for sixteen projects be moved forward, because they are not able to meet them.

In closing, I would like to say that we should sign a simple agreement, which says that we are giving you a loan of 500 million rubles for the period of 1961-1965. The agreement must say that through this loan our side is giving yours materials, equipment for complete works, scientific materials, technical help, etc. As to the loan's actual use, we must make specific protocols. For the moment we will give you the 14 million rubles for the items on the first list. Let us not rush ahead for the others yet. Let us study the issues carefully. The money is yours. The agreement should be simple and clear. If you can spend this loan until 1964, we will take a look at it again. You can ask us again for 1965 and we will look at your request together as brothers. We should be in a better position to help you by then. It is not necessary that we include lists and details, such as the 16 works we mentioned earlier, in this agreement. We could do that later. You can announce to your [ALP] Congress that China desires to help us. If we add to the agreement details of actual works, we might fall into disagreement with the Soviet Union and the other countries that have pledged to help you. We should only mention the amount of the loan we are giving you in the agreement, so that we are fine politically as well.

Military matters. As I also said last time, we cannot help you here because until now you have not answered us whether we can mediate with the Soviet Union.

(Comrade Koleka expressed his regret to comrade Zhou Enlai for the misunderstanding on this point. In order to straighten out this point, we note that all four members of our side did not understand that comrade Zhou Enlai was seeking the opinion of the Albanian comrades "whether China should mediate or not with the Soviet Union on the matter of military deliveries to our army." It seems the translator did not interpret faithfully comrade Zhou Enlai's thoughts, because all our notes were the same and that was what was sent to comrade Enver.)

Now that comrade Li Xiannian will go to Tirana he will speak to comrade Enver Hoxha about this matter. As I mentioned last time, we cannot help you with armaments. The same goes for food and uniforms. We cannot help you with them, because if the Soviet Union finds out, they may misunderstand us. We cannot help you with other goods either, such as fuel. You know well that we do not have fuel and that we import it from the Soviet Union. That is why we cannot give you fuel from the Soviet Union. The same with lubricant oils and spare parts, because a large number of them are from the Soviets and ours are not the same. Your army is equipped, fed, dressed - its overall level is - better than our army. In the future, if the Soviet Union will stop helping you altogether, it will be another matter. At the moment, we think that you can import the fabric, canned food and other items you need through your regular foreign trade... temporarily. You could use the old loan of 55 million rubles, buy the goods and process them in-country.

You can review these four points once again and let us know what you think. There is one thing we want: We desire to help you. We should carefully assess how to proceed so that we help the development of your economy and do not overload you.

Two of the comrades from the delegation coming to you are from the Planning Commission. They will assess there the matter of the two petrol engineers that you have requested. (This request was made in this meeting as the telegraph by comrade

Mehmet Shehu ordered.)

The two cipher comrades will also be part of the delegation. They will be staying in our embassy in Tirana. This should be completely secret so that no misunderstandings will arise.

I can tell you that this year, due to the natural disasters of the past two years, will be importing 3 million tons of grains. We have authorized comrade Li Xiannian to sign the necessary agreements with Canada and Australia. We will import 2.3 million tons of grains from there.

(Compiled out of the notes taken by Spiro Koleka and Mihal Prifti. Typed by Mihal Prifti in three copies, one of which was left under the care of Mihal Prifti.

Beijing, 2 February 1961