

July 12, 1955
**Synopsis of the Political Report of the Soviet
Embassy in the DPRK for 1955**

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Summary:

The Soviet Embassy provides a synopsis on the political report of the DPRK regarding its economic and domestic political situation, foreign policy, the Embassy's work, and general concluding remarks.

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 [CPSU CC General
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 "24867
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[handwritten in the upper left-hand
 corner: "to Cde. [[Shcherbakov]]" [[SIC]]
 followed by illegible initials]

[to the] CPSU CC DEPARTMENT
 ██████████to Cde. I. S. SHCHERBAKOV

Attached we are sending you records of conversations and other materials about
 issues of the domestic political situation in Korea received from the Soviet Embassy in
 the DPRK.

Attachment: per the text, on 36 pages.

██████████[signature]
 ██████████(A. LEDOVSKY)

12 July 1955
 N° 1066/dv

[handwritten note: "To the archive. Informative material, used in work"
 I. Shcherbakov
 27 July 1955"
 [[Two other illegible signatures]]]

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 1 - to the addressee
 2 - to file
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 ██████[USSR MFA stamp:████SECRET Copy N° 3
 ██████Secretariat of V. V.███31 March 1956
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 18027
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SYNOPSIS
 of the political report of the Soviet Embassy in the DPRK for 1955

The report is 89 pages. It arrived in the USSR MFA on 7 March 1956.

The report consists of five chapters: 1. The economic and domestic political situation of the DPRK; 2. The foreign policy of the DPRK government. 3. The Soviet colony in the DPRK. 4. The Embassy's work. 5. Conclusions and suggestions.

The economic and domestic political situation of the DPRK

The report notes that in 1955 the KWP CC and DPRK government took steps to eliminate the mistakes made in work and fulfill the economic plans. The visit to Moscow by Kim Il Sung with a group of senior officials and the recommendations they received about a number of very important issues of the economic and political development of the DPRK gave the friends considerable help in [their] work.

Industry. The results of the past year demonstrate the successful accomplishment of the tasks of the three-year plan in the area of gross industrial output. According to data of the TsSU [Central Statistical Administration], the 1955 plan for gross industrial output was 106% fulfilled by state and cooperative industry. Industrial production was 51.04 billion won, or 52% more than that in 1954, and compared to the prewar year of 1949 the growth of gross production was 56%. Compared to 1954, increase in the manufacture of the means of production was approximately 62%, and of the manufacture of consumer goods, 37%.

[Handwritten at the bottom of the first page: "To the archive. The material was used in the CPSU CC's recommendations to the Korean comrades in June 1955[[6]]. I. Shcherbakov 3 July 1956". Two other illegible signatures.]

In the reporting year the highest growth rate of production was for the most important sectors of heavy industry. For example, the industrial growth in 1955 compared to 1954 was: electrical power - 61%; hard coal - 61%; the production of steel increased by 2.5 times; of ferroalloys by 2.1 times; of internal combustion engines - 4.5 times; of coke, 4.6 times; of chemical fertilizers - 4.4 times; and of pumps - 10 times. At the same time there was a serious lag in the construction materials, forestry, shipbuilding, and fishing industries. A big shortcoming in the work of industry is the extremely small volume of the production of consumer goods, in particular food items. The raw material resources in the country are extremely limited and do not keep the industries producing food items busy.

A general shortcoming of the operation of many industrial enterprises is the quite poor organization of the manufacturing process. The existing production capacity and equipment are not being fully used. Piecework production standards are being poorly introduced. The dates for the regular preventive maintenance of equipment are violated. The poor labor discipline and turnover of the labor force, the lack of proper technical supervision at enterprises, the insufficient communications between ministries, their departments, directorates and enterprises, and also the poor oversight of Party political work at enterprises on the part of higher Party organizations are big shortcomings.

Agriculture. The KWP CC and government devoted considerably more attention to agriculture in the reporting year. An additional one billion won was allocated to capital investment in agriculture, mainly to irrigation construction and flood control measures. A number of measures were carried out to help peasants who had suffered from natural disasters in 1954. In the spring of 1955, peasants were given 180,000 tons of food and seed loans. A March 1955 Cabinet of Ministers decision wrote off one billion won in peasant arrears for state monetary loans and arrears for food and other loans through 1954 inclusively.

In spite of the steps taken, agriculture is a backward sector of the economy and does

not supply the population of the country with food or industry with raw material.

The 1955 plan for the key indicators of agriculture turned out to be unfulfilled. The shortfalls against the plan were: grain - 420,000 tons; cotton - 18,600 tons; tobacco - 1,600 tons; vegetables - 793,000 tons; potatoes - 18,900 tons; and silkworm cocoons - 1,400 tons.

The reason for this, besides the shortage of mineral fertilizer, was that agriculture is still being done at a low agrotechnical level. The long drought, which has been especially reflected on the yield of upland crops such as beans, millet, and kaoliang [Translator's note: a variety of sorghum] also had an effect.

Livestock production lagged especially sharply behind the planned targets for 1955. The 1955 plan was 86.6% fulfilled for cattle, 70% for horses, and 58.2% for pigs. The increased slaughter of cattle in the winter of 1954-1955 associated with the bad harvest of 1954 and the forced cooperation of agriculture played a certain role in this.

The December 1955 KWP CC plenum which discussed the issue of the improvement of agriculture, set the task of a comprehensive expansion of irrigation construction, an increase in the production of mineral fertilizer to 140-150,000 tons, the creation of forage resources, an increase of agricultural technology, and the introduction of advanced methods of agricultural production.

The plenum examined questions of the further cooperation of agriculture; the need was stressed for a vigorous fight against bureaucratism and violations of the principle of voluntary participation when peasants join cooperatives. Nevertheless, when implementing the decisions of the KWP CC December plenum a pursuit of quantitative growth of cooperatives was observed to the detriment of their organizational and economic strengthening. According to information dated January 25, 1956, cooperation encompasses 62.1% of the peasant farm with 58.1% of the total land area.

The budget. Capital investment in the economy during the reporting year was 33.9 billion won, or 36% of the expenditures part of the budget, against 27.6 billion won, or 31.5%, of the expenditures part of the 1954 budget. The financing of such a considerable amount was mainly possible thanks to the large influx of funds into the income part of the budget from the material and technical aid from the USSR, PRC, and the other countries of people's democracy given free of charge. The 1955 capital construction plan was 94.5% fulfilled.

Trade turnover. Several positive results were achieved in the reporting year in the growth of trade turnover and an increase in the population's standard of living. However, substantial improvement has not occurred in trade in the countryside: the proportion of trade turnover of the consumer cooperatives which serve the rural population has not increased but has declined. The trade turnover plan was 103% fulfilled in the reporting year, including 108% for state trade and 97% for cooperative trade. The targets of the three-year plan to reduce retail commercial prices for manufactured goods and food were unsatisfactorily fulfilled.

In the opinion of the Embassy, the Korean friends, having committed excesses in grain purchases in 1954, are now inclined to refuse to act as active organizers of purchases of surplus agricultural production from the peasants, whereby they exhibit an underestimation of the regulating role of the state in this important matter.

The Korean Worker's Party. The Embassy notes that the reporting year has been characterized by further consolidation of the Worker's Party of Korea. Two KWP CC plenums were held. At the April plenum the primary attention was devoted to the

issue of increasing ideological education of the Party members. At the December plenum questions of improving agriculture, convening the next, third, Party congress, and organizational issues were examined.

The KWP CC brought to light and criticized the mistakes committed in the field of literature, the essence of which is that the former leadership of the KWP CC Agitprop Department highlighted reactionary writers and belittled the role of some writers who are KWP members (Ri Gi-Yeong, Han Seol-ya). The Embassy notes the fact that it was directed only against a group of Soviet Koreans who had made mistakes as a shortcoming of the work to correct the mistakes on the literary front, and nothing was said about the mistakes of a similar nature committed by other officials who are local Koreans.

In the Embassy's opinion, last year the KWP CC as before did not devote sufficient attention to questions of the work of the YeDOF.

The state apparatus of the DPRK. In the reporting period the KWP CC and the DPRK government pursued work to improve the state apparatus. Several institutions were disbanded. However, there are still many shortcomings in the apparatus, expenses for its upkeep are too high, and even after their planned reduction for 1956 in the amount of 500 million won they will be 6.7% of the expenditures part of the budget.

The foreign policy of the DPRK government

In 1955 the foreign policy of the DPRK government was pursued in the direction of strengthening friendly relations with the Soviet Union, the PRC, and other countries of people's democracy, in the direction of supporting the governments of countries opposing war and colonialism, close relations with countries of the Far East and Southeast Asia with the purpose of establishing economic and cultural ties with them, and also in the direction of preserving the Neutral [Nations] Armistice Supervisory Commission, an important factor in maintaining the armistice in Korea, and in the direction of stepping up measures to establish economic and cultural ties with South Korea.

Soviet-Korean relations. Visits of government delegations - the Korean in Moscow in April and May and the Soviet in the DPRK in August - have played a great role in the Soviet-DPRK relations. The Soviet Union continued to help the DPRK both in economic questions as well as in political [questions]. As a rule, the DPRK government consults with the Soviet government on almost all the main foreign policy measures it has prepared. In the field of economics, relations have developed through mutual deliveries and the provision of one billion rubles of aid free of charge. In giving a positive assessment to the development of economic relations between the USSR and the DPRK on the whole the Embassy notes at the same time that a number of cases have occurred where Soviet organizations and departments have missed deadlines to fulfill their obligations.

Korean-Chinese relations. Relations between the DPRK and PRC have developed on the basis of friendship and cooperation. The Korean friends have consulted with the Chinese friends on the most important issues of importance to both countries: in particular, on such issues as relations with South Korea, the preservation of the Neutral [Nations] Commission, etc. Economic relations are based on the November 23, 1953 Korean-Chinese Agreement on Economic and Cultural Cooperation, the protocol for 1955 mutual deliveries of goods signed on December 31, 1954, and other agreements.

The DPRK and PRC have exchanged governmental and cultural delegations. Normal working relations have been maintained between the command of the Korean military

units and units of the Chinese people's volunteers.

DPRK relations with the countries of people's democracy. As before, the main form of DPRK economic ties with countries of people's democracy is aid from these countries to Korea free of charge. The size of the aid increased considerably during the reporting period through additional allocations from Poland and the GDR.

Exchanges of delegations between the DPRK and countries of people's democracy expanded during the reporting year. At the invitation of the governments of Hungary, the GDR, Czechoslovakia, Poland, Romania, and Vietnam DPRK government delegations visited these countries during celebrations on the occasion of the national holidays of these countries. Meanwhile the DPRK government did not invite government delegations of these countries to [the DPRK] when noting the 10th anniversary of the liberation of Korea on August 15, 1945.

Steps were taken with the goal of exchanging diplomatic representatives with Yugoslavia; however the Yugoslav side has refrained from a decision of this issue at the present time, although in principle it has confirmed its positive attitude toward an exchange of diplomatic missions.

Measures to establish ties with Japan and the countries of Southeast Asia. The KWP CC and DPRK government took steps during the reporting year to expand foreign policy ties and establish direct contact with a number of capitalist countries. Steps were taken to establish economic and cultural relations with Japan and countries of Southeast Asia (India, Indonesia, and Burma). Four agreements about trade turnover were signed with Japanese businessmen as a result of the steps taken; however, the conclusion of special contracts with firms will be needed. There is also agreement in principle about the repatriation of Japanese living in the DPRK who wish to be repatriated. No positive results have been achieved in the economic and cultural ties established with India, Burma, and Indonesia.

Measures to preserve peace in Korea. The Korean friends have taken steps to establish trade and cultural ties with South Korea, which is vitally necessary for peaceful reunification of the country on a democratic basis; they have waged a struggle for the observance of the Armistice Agreement and to maintain the Neutral [Nations] Commission, and also made repeated specific proposals to South Korea to establish economic and cultural ties. However, the South Korean authorities have systematically rejected these proposals.

In the process of this work the Korean friends have taken incorrect actions, often unnecessarily employing weapons when the South Koreans violate the line of demarcation, water boundaries, or airspace, which has led to an aggravation of relations. They have used insulting expressions with respect to South Korean leaders in their statements and in the press. At first their proposals to establish economic and cultural ties had an excessively general character and only later became more specific.

The Embassy considers it advisable to recommend that the Korean friends step up this work in the future, searching for new and more flexible forms.

The situation in South Korea. South Korea had some successes last year in the area of economics. A considerable growth of production occurred, chiefly in sectors associated with an increase of military potential or the manufacture of products for export. A considerable increase of production was observed in the textile industry. In terms of agriculture, South Korea is not able to supply the population with its own food. The South Korean press reports that the shortage of grain for the upcoming food year is 2,770,000 seok (seok is a measure of volume, 180 liters), which is to be

purchased in the US.

The 1955-1956 budgets are 149.2 billion hwan in expenditures and 135.5 billion hwan in income. Seventy-five billion three hundred million hwan, or more than 50% of the entire expenses part of the budget, are being appropriated for military expenses. An increase of the differences in the ruling circles of South Korea and a struggle for power between various reactionary groups were observed during the year. The foreign policy activity of the South Korean government was characterized by a striving to further strengthen ties with the US and other capitalist countries.

The Soviet colony in the DPRK. As of December 31, 1955, there were 670 Soviet citizens on assignment in the DPRK and 269 of their family members, 140 military specialists and advisers and 601 of their family members. Thus, the entire Soviet colony in the DPRK numbered 1,756. In accordance with the 29 November 1955 Decree of the Presidium of the USSR Supreme Soviet according to which Soviet citizens of Korean nationality are permitted to surrender Soviet citizenship, as of the date the report was compiled 67 people had submitted application forms to surrender Soviet citizenship and 24 had expressed a wish to accept DPRK citizenship while retaining Soviet citizenship. The political and moral condition of the Soviet colony is sound. The living conditions of the Soviet citizens on assignment improved considerably in the past year compared to those of the previous year. The operation of the "Vostokintorg" store improved somewhat; nevertheless, the store is still not able to meet the needs of the citizens on assignment. The opening of a Soviet school has great importance for normalizing work and living conditions of the Soviet citizens on assignment.

The work of the Embassy. Last year the diplomatic and operations staff of the Embassy was mainly at full strength. Part of the diplomatic staff knows Korean to some degree. The Embassy has pursued work to eliminate the shortcomings which have taken place. The study of the situation in the country has considerably increased. All diplomatic and operations personnel went to provinces without exception. A practice was made of presenting impressions from trips about the situation in the provinces from appropriate Korean officials. The Embassy has maintained close and friendly relations with officials of diplomatic missions in the DPRK and especially with officials of the PRC Embassy. However, in the Embassy's assessment, work to establish ties with the Korean friends and to study the situation in the country is not yet being done sufficiently actively and requires enhancement. Work was done to build Embassy housing. Construction of three buildings with 3[8] apartments and a boiler room was mainly completed by the end of the year.

The Embassy's conclusions and suggestions

In its conclusions, the Embassy notes some issues to which the Korean friends ought to pay attention. Chief among them are the following:

1. Place questions of improving the management of industry and an increase of the quality of industrial production at the focus of attention of Party and government bodies.
2. Concentrate attention on expanding irrigated plots, increasing production of mineral fertilizers, increasing agricultural technology and expanding cultivated areas of corn as a means of increasing the production of grain and improving animal husbandry.
3. In order to increase hard-currency resources step up the development of industrial sectors which provide products for export (the mining industry and the production of non-ferrous metals).

The Embassy also submits the following main suggestions:

1. Hold GUEhS responsible for increasing monitoring of the fulfillment of existing obligations to give the DPRK technical assistance, and in particular monitoring of the timely delivery of equipment, design documentation, and the detailing of specialists on assignment.
2. Increase the exchange of delegations with the DPRK.

The conclusion concerning the Embassy report and the suggestions of the DVO are presented separately in a letter to Cde. V. I. Ivanov, Soviet Ambassador in the DPRK.

□ CHIEF OF THE USSR MFA

□ FAR EAST DEPARTMENT □ □ □ □ [signature]

□ □ □ □ □ □ □ □ (I. KURDYUKOV)

□ FIRST SECRETARY OF THE DVO □ [signature] (B. VERESHCHAGIN)

6-AS/[d]d

1 - Cde. Molotov

2 - Cde. Gromyko □ □ 5 - Cde. Semenov

3 - Cde. [Tugarinov] □ 6 - to file

4 - Cde. Fedorenko □ N^o 753-dv