

regulations. For instance, farmers are supposed to bring rice to the county people's committee if they want to exchange it for ration tickets. This is unreasonable. In future this must be dealt with at the management board of the cooperative farm concerned.

There are also many pointless complications in the rules on the use of ration tickets. The present regulations stipulate that a ration ticket can be used only when the bearer is travelling away from his home district. Under this rule and under the present system by which even a noodle restaurant serves only the bearer of the ticket, the citizens of Pyongyang cannot eat noodles at a restaurant in the city. Such absurdities occur because food administration officials make regulations in a bureaucratic manner giving no thought to the lives of the people. Such irrational regulations must be remedied right away.

At the moment food grain is supplied without exception to all the people who have gone to live in the country areas. We need not do this. The state only needs to sell grain to them from the day they arrive there.

4. ON THE PROBLEMS OF FOREIGN TRADE AND FOREIGN CURRENCY

Developing foreign trade is of great importance in our socialist construction. In order to consolidate the country's independent economic foundations and improve the people's living standards we have to export our surplus products to other countries in exchange for the goods which we need.

With the rapid economic development in our country, economic dealings with other countries are quickly expanding and the demand for foreign currency is still increasing. The problems of foreign trade and foreign currency, therefore, are very important for us.

We must earn more foreign currency by developing foreign trade and,

at the same time, we must consider its rational and economic use very carefully.

1) ON INCREASING THE SOURCES OF EXPORT IN ORDER TO EARN FOREIGN CURRENCY

The foreign-currency situation in our country is strained. Every year we export goods which are worth hundreds of millions of rubles. It goes without saying that this is no small figure. But when compared with our demand for foreign currency, our earnings do not account for very much.

The strain on foreign currency is due to the fact that some kinds of important raw materials and fuel are not produced in our country.

Crude oil is not yet produced here. As you know, if we are to carry out the technical revolution, mechanization is essential, and this requires large quantities of oil. The operation of a truck or a tractor requires gasoline or diesel oil. Before the war we used only a few dozen thousand tons of oil a year, but now we use hundreds of thousands of tons.

Our country also does not produce coking coal although it has large deposits of anthracite and lignite. Coke is indispensable to the metallurgical industry. So we import several million tons of it every year.

Crude rubber is another item which is beyond domestic production. Every year we spend a large sum of foreign currency on crude rubber and rubber goods such as tyres. In addition, we have to import tens of thousands of tons of cotton every year because cotton does not grow well in our country. Beside these items, we import light metal, some machines and their spare parts, gauges and the like. Because we have to import those raw materials and fuel which we cannot produce and which are in short supply, we spend a large amount of foreign currency.

Since we import a great deal of oil, coking coal, rubber, cotton and such commodities, we should also export those things which we can sell in large quantities on foreign markets. Big import items must be counter-

balanced by big export items. Small export items will not answer the purpose. But our executives try to rake up small export items to cover the large amount of foreign currency which we spend. They sell apples, fish, silk and other high-quality fabrics.

These things are essential for the improvement of our people's standard of living, but they do not earn very much foreign currency. Although we export a large part of our output of apples, fish, canned goods, cloth and the like, we earn only a small sum of foreign currency. This being the case, there is a constant strain on foreign currency and the people's standard of living does not improve quickly.

We must radically improve our methods of trade. How, then, can we do this? We must concentrate our efforts on the production of those goods which are not available in world markets but which can be mass-produced in our country, which can be exported in large quantities so as to bring us a large sum of foreign currency at a time. We must drastically increase the export of such items of which we have many.

To begin with, we can produce large quantities of magnesia clinker. Our country is very rich in magnesite. We have not yet confirmed the extent of its deposits—whether it is 700 million tons or 1,000 million tons—because adequate prospecting has not yet been carried out, but it is a fact that the deposits are enormous. If this stone is mined and then burned, it becomes magnesia clinker.

This is an excellent fireproof material, so that the countries with developed metal industries all need it. But world sources of magnesite are extremely limited. Therefore, if we do a good job, we shall be able to monopolize the world market in magnesia clinker. Many countries have already asked for it to be exported.

Even under present conditions we can sell 600,000 tons a year. In future we will be able to sell one million tons or even two million tons. The current demand for magnesia clinker on foreign markets is very great and it will increase with the development of the metallurgical industry.

The price of magnesia clinker is very high. One ton can earn 53 rubles and this is enough to buy nearly two tons of fuel oil. Therefore, we should sell 600,000 tons of magnesia clinker a year, and then we can buy one

million tons of fuel oil. In future we should export one million tons a year, and then we will be able to earn 53 million rubles of foreign currency from it alone. This sum is more than enough to pay for the coking coal and fuel oil we will import.

That is why I called the mountain with magnesite deposits a "mountain of white gold". Indeed, we can call it a pile of money, a pile of foreign currency. Since we import such bulk consumption materials as oil and coking coal, we can cope with the problem of expense by exploiting our correspondingly great resources. Selling apples, fabrics and suchlike will lead us nowhere. So we have increased the manpower, laid the railways and taken various other measures for the mining of magnesite. But the amount of magnesia clinker exported is still small.

In our country there are many sources of magnesite and its mining output is also fairly large. If we concentrate our efforts on mining magnesite and intensify scientific research on it, we can produce and sell as much magnesia clinker as we want. What, then, is the reason for the low rate of export? The only reason is the low quality of our magnesia clinker. Our clinker is said to contain a large percentage of silicic acid. A foreign product contains not more than three per cent of silicic acid, but the Korean product exceeds this.

To reduce the percentage of silicic acid contained in magnesia clinker is not an impossible task on any account. It depends on the efforts and work attitude of our executives. Magnesite whose deposits in our country are immeasurable is as precious as foreign crude oil and coking coal or even more precious than they are, but our executives are not concentrating on exploiting it. To export large quantities of magnesia clinker is important for the economic development of our country, but they are not seriously concerned about it. Because they do not have scientific, technological knowledge of this matter nor do they study advanced foreign experience, they still produce magnesia clinker by a primitive, conservative method. The question cannot be solved if they work in a slipshod manner as if they could not care less whether foreign countries buy it or not.

We must work hard to ensure that such a work attitude is corrected

and that the silicic acid content of magnesia clinker is drastically reduced. The content of this property must be lowered to, at most, three per cent so that magnesia clinker can be exported not only to socialist but also to capitalist countries.

Knowing that a certain country has succeeded in improving the quality of magnesia clinker by calcining it with diesel oil, we have tried this method, and the result proved the content of silicic acid to be as low as 2.5 per cent. We should adopt this method which has been proved by experience. Even if we assume that 240 kgs of diesel oil is used to calcine one ton of magnesia clinker, it will cost us no more than five rubles of foreign currency. Since magnesia clinker is priced at 53 rubles per ton, we can earn 48 rubles for one ton of it after paying the five rubles for the diesel oil. So there is not a shadow of doubt that it is profitable to produce good-quality magnesia clinker for export even at the cost of diesel oil.

The current annual foreign demand for our magnesia clinker totals 600,000 tons. But we are exporting only 350,000 tons this year. If we only reduce the silicic acid content, we can sell as much magnesia clinker as we wish and can earn a large amount of foreign currency. And why not do it enthusiastically? We must not begrudge money or equipment to be used on this venture; we must concentrate everything on the project. Next year we must put great effort into it to increase the output of magnesite, to reduce the silicic acid content and to expand the production capacity of magnesia clinker by a large margin. In this way we will guarantee an annual export of 600,000 tons of magnesia clinker. If we cannot carry out the task next year, we must do it by the end of the year after next.

In order to resolve this problem we will have to undertake some necessary construction projects, augment equipment and supply diesel oil. Scientific research work must also be stepped up in this field.

Measures should be taken to use even magnesite powder, rather than discarding it. Other countries calcine and sell the powder which is produced by the crushing process in mining, but we throw it into the water. In the future you must build another revolving kiln to process all the magnesite powder which is thrown away at present.

If we produce and sell 600,000 tons of magnesia clinker, and,

eventually, one or two million tons a year, we will solve a very big problem in the economic development of our country. Ministries, management bureaus and relevant Party organizations must concentrate their efforts on tackling this task of strategic importance.

Anthracite is another of our bulk export items. We must mine and export a large amount of anthracite to offset the import of coking coal.

Quite a few countries want our anthracite exports, and we have very large deposits of it. But we are not meeting even the domestic demand, let alone large amounts of exports. If we grapple with the problem of increasing anthracite production and if we use it more economically, we will be able to meet the domestic demand and export a large surplus amount.

We must devise measures of increasing the output of anthracite, and at the same time ensure its most economic use by encouraging all economic sectors to take good care of heat energy. In this way we shall make sure that millions of tons of anthracite are exported annually without fail.

Cement can also be a major export item. It is cheap, but it can be exported in great volume.

Cambodia, Pakistan and many other countries in Asia are newly-emerging nations, and as such they require a great deal of construction. We can sell cement to these countries. And they are rich in rubber, palm oil and rice which we need. We can sell good-quality cement to them by producing it in large quantities and then we can buy from them what we need.

We must institute a campaign to increase cement production so as to export one million tons a year in future. Since our country has unlimited sources of limestone and large deposits of coal, we are quite confident of doing it.

As you see, the import of major raw materials and fuel requires us to export an equal value of goods which are capable of counterbalancing the imports. In other words, the Party's strategic policy on the problem of foreign currency is to export large quantities of magnesia clinker, anthracite, cement and similar items which are capable of massive

domestic production and which are marketable in bulk, so as to cope with the import of crude oil, coking coal, rubber and cotton which are not produced here. This is the way to resolve the problem of foreign currency, speed up the nation's economic progress and improve the people's standard of living.

The export of apples or canned food can neither resolve the problem of foreign currency nor improve the people's living standards. If we export magnesia clinker, anthracite and cement in large quantities we shall be able to earn all the money that is necessary for the import of fuel and raw materials such as petroleum, coking coal and rubber. Then, we shall be able not only to dispense with the export of apples, fish, canned food and cloth so as to supply them to our people, but also import more goods which we need. We must carry out the policy of solving the problem of foreign currency by counterbalancing big items with big items.

The exportation of machinery and ceramics should also be increased.

Now that we have both metallurgical centres and powerful bases of the machine-building industry in our country, we should export machines as far as possible. I think it would be a good idea to produce a large number of machine tools and export them since these are highly valued abroad and since we have a tradition of producing them. For this purpose we will have to set up workshops or branch factories which exclusively produce export-oriented machine tools.

We must increase the volume of ceramic exports. These are highly priced. This enterprise amounts to selling baked clay. We must produce export-oriented ceramics with the clay which is readily available in our country, to earn the money to import crude oil and other goods which we need.

The export of ceramics has become difficult on account of their quality. Because of their low quality, Korean ceramics are not popular on foreign markets. We must take effective measures to improve their quality as soon as possible.

The export of nonferrous metals should continue to increase. We must increase the output and export of zinc which is lucrative, as well as the production of gold. Gold will be useless if we do not mine it and export

it now. If we are to boost the output of nonferrous metals, we must intensify prospecting, organize mining efficiently, and raise the rate of extraction both in dressing and refining.

Mining a greater volume of tungsten is important in earning foreign currency. At the moment we import a great deal of it annually for the production of high-speed steel. There are sources of tungsten in our country. If we will only take the necessary measures, we shall be able to mine it ourselves, rather than import it. Why should we ignore our potential and import such an expensive metal which no one is willing to sell?

We must ensure that our demand for tungsten can be met with home production in the shortest possible time. For a start, we must see that the construction of the ore-dressing plant at the Kyongsu Mine is finished quickly so as to start producing tungsten. We must at the same time take steps to increase the output of tungsten at the Mannyon Mine.

If only we produce enough tungsten, we can manufacture as much high-speed steel as we want because we have steel. High-speed steel itself is a lucrative source of foreign currency, but if we process it into tools and machines for export, it will be so much the better.

We should step up the volume of iron-ore exports. Because our iron ores are of higher grade than foreign ores we can export as much of them as we are able to mine. We must see to it that the Musan and other iron-ore mines increase the production of ores to be exported.

2) ON THE ECONOMIC USE OF FOREIGN CURRENCY

Using foreign currency most economically is no less important than earning it.

Our senior officials still do not have the idea of saving foreign currency. That is why such practices as importing goods which can easily

be produced here, wasting imported materials by careless use, and keeping very expensive imported machines and equipment idle in storage continue. This irresponsible work attitude is a major factor which worsens the nation's foreign-currency situation. We must uncompromisingly combat the manifestations of such an irresponsible work attitude.

We must first put an end to the waste of fuel. Our officials are wasting the fuel which has been imported at the cost of apples, fish, and fabrics which should have been used to clothe and feed our own people. I have given instructions that fuel has to be used sparingly so as to build up reserves, but no one has implemented them properly.

Some time ago I got the Light Industry and Commercial Finance Department of the Party Central Committee to check up on how fuel was being used. According to the inspection report, tractor engines at some farm machine stations were switched on from morning until evening and sometimes even for a few days on end whether they were at work or not. And there were many instances where trucks made empty runs and longer-distance runs than prescribed. A great deal of fuel was being wasted in this way.

At present many trucks are making long-distance journeys. Recently the Ministry of Public Security conducted a nationwide checkup and spotted 503 trucks which had made longer-distance runs than permitted by the state regulations during the period of one and a half days.

The current regulations define the range of a truck run as 20 kilometres. This, of course, seems too short a distance. I think it advisable to amend the regulations in such a way as to permit trucks to run within the range of 100 kilometres. After that violations of the regulations should be strictly dealt with.

In order to economize in the use of fuel, trucks should be made to run with full loads. Chairmen of some cooperative farm management boards are said to travel a distance of many miles by truck on business. It is a serious offense to use a truck of more than two-ton capacity to carry a single person with no other load. We must put an end to such practices once and for all and make sure that all trucks carry capacity loads. This

requires the accumulation of the necessary load before it is taken away by truck.

Trucks and tractors need regular repair and maintenance. Many institutions and enterprises use old trucks without repair or keep tractor engines switched on all day long which wastes fuel, because their carburettors do not function properly. We must correct this situation; all defective trucks and tractors ought to be repaired promptly and those vehicles which are beyond repair should be scrapped and replaced with new ones.

There is a great deal of waste in the use of coking coal and other imported materials, and there are even instances of continuing to import goods which are rarely used. The people in the fishing industry continue to import new nets every year when they already have a large stock of imported ones which are enough for several years' use.

Such a waste of the goods which have been obtained at the cost of precious foreign currency is putting the brake on the rapid improvement of our people's standard of living. We must strongly combat the waste of imported goods and take active measures to save them.

Goods which can be produced locally must not be imported. We must see that production at the existing fibre mills and paper mills is put on a steady basis, so as to reduce the import of fibre and packing paper, and that an active campaign is launched in every sector to use homemade goods where imported goods are now being used.

Imported raw materials must always be processed into high-quality products. At the moment textile mills are weaving jute-like cloth with expensive imported rayon yarn and cotton. The quality of products is low, although in varying degrees, at all other factories which are supplied with imported raw materials. If you are going to produce low-quality goods with imported raw materials, there is no need whatsoever to import them at the expense of so much foreign currency.

The campaign for economy in the use of foreign currency is closely related to the development of agriculture.

We are still importing a fairly large amount of agricultural produce. We must continue to apply great efforts to develop agriculture so as to cut

the importation of cereals and other agricultural products drastically.

As I have already spoken about the question of agriculture in general, I am going to re-emphasize only the cultivation of oil crops which largely affect savings of foreign currency.

In order to meet the demand for raw materials for cooking oil by increasing domestic products as far as possible, we must encourage the widespread cultivation of soya beans and rape. Rape can be grown as the crop before foxtail millet in double-cropping. It is cultivated on a large scale as an oil crop in foreign countries. In our country only Kaesong people plant radish a little as a seed crop before cultivating other crops in spring, but hardly any rape is grown. Cooperative farms should not ignore rape but plant it on a wide scale.

Hemp also deserves to be cultivated over a large area. Its seeds will give us cooking oil and its skin can be used to produce fabrics and clothes and paper as well. Hemp grows well in a cool region, but not in hot places. So it should be widely cultivated in the highlands of Ryanggang, Chagang, North Hamgyong and North Hwanghae Provinces. The northern highland of South Pyongan Province, too, will be suitable for its cultivation. It should not only be planted in fields but also on roadsides or between the rows of other crops of low height.

If we cultivate oil crops like rape and hemp widely, we shall not have to import raw materials for cooking oil for foreign currency.

The next task is to install the imported machines and equipment immediately and use them effectively.

Quite a few of the precious machines and equipment which have cost us large sums of foreign money are kept idle in storage instead of being installed promptly, or they are becoming unserviceable because they are getting rusty and because their parts are being lost on account of careless management. Take the rim plant for instance. Its equipment which was imported three years ago, is still awaiting installation, so that we have to continue to import rims.

In the future we shall continue to import machines and equipment which are essential for the development of our national economy. For example, we have to import a tyre plant. We produce a large number of

trucks and tractors, but not tyres. So we import them for foreign currency. Every year we produce thousands of new tractors and trucks which need tyres. If this number is added to the existing ones with worn-out tyres which have to be replaced, our demand for tyres will be enormous. Three sets of tyres are worth one ton of rice. So, if we are to buy 200,000 sets of tyres, it will cost us 70,000 tons of rice. If we import a tyre plant and buy crude rubber from countries like Cambodia, Ceylon and Indonesia, we will be able to produce good-quality tyres at a cost which is several times lower than the international market price; hence the need to import this factory equipment immediately.

But, if we leave imported machines and equipment unattended as they are now, we shall not only be unable to install this plant, but will inflict a great loss on the state. Both the equipment which has already been imported and that which will be imported should be installed quickly and put into operation.

We must make effective use of the production space in existing factories so as to house newly imported machines and equipment rather than build new factories.

I advised the Chairman of the State Light Industry Commission to stop thinking of constructing new buildings but to use the existing factories to accommodate the imported equipment for light industry. And so the equipment for making confectionary has already been installed in the cornstarch factory. All the other imported equipment can be installed in the same way.

We should also house the equipment for the production of bearings in an existing machine factory rather than think of building a large new factory. In addition, we must take immediate measures to install the equipment for the rim plant.

If we make effective use of the production space in existing factory buildings to install the equipment which has already been imported and which is to be imported in the future, we shall be able to save construction funds and also start production quickly.

3) ON EXTENDING OUR MARKETS ABROAD

There are two markets for our foreign trade. One is the socialist market and the other is the capitalist market.

There are some differences between them.

The advantage of the socialist market is that barter payments are made for exports and imports. So the socialist market does not necessarily require gold or any other international foreign currency when paying for the goods we import. We only have to export the corresponding value of goods to the other party in compliance with their request. In this case, also, calculations are made by means of currency.

But in the capitalist market gold or dollars or pounds are essential as a means of payment for the goods we purchase. On the other hand, you can buy anything in this market for foreign currency. In the capitalist market you can even buy goods which are not available in the socialist market.

One of the major defects in our foreign trade is that we only go to the socialist market and seldom to the capitalist market.

Our export items are mostly raw materials or products of primary processing and few of them are of secondary or tertiary processing. For instance, we export magnesia clinker, minerals, steel, structural steel and the like in large quantities. Such materials can be purchased only by countries with developed industries. But industrial powers in the capitalist world are not willing to buy our goods except magnesia clinker, which is not available on the world market. The capitalist market also includes industrially underdeveloped countries. These countries cannot afford to buy steel or structural steel which we export because they are not industrially developed.

This situation naturally results in our foreign trade being biased towards the socialist market which is not sufficient to meet all our needs.

This is a major weakness in our economic development.

How should we solve this problem? We must make better goods. Only when we radically improve the quality of our commodities can we make inroads into the capitalist market. Money can buy anything there and high-quality goods sell well, regardless of social systems. The US imperialists alone pursue the wicked policy blockading our system.

If we are to build up a brisk trade in the capitalist market we must raise the quality of our goods and produce many items which are in demand there. If we offer high-quality goods which are needed on the capitalist market, we can sell as much as we have.

We must produce high-quality goods and pack them attractively enough to be admitted to international markets. We must manufacture every single item perfectly so that it can earn a good reputation on foreign markets and win any competition. Those comrades who are now going to direct work at lower echelons should do political work well among workers of the factories which produce export goods.

If we work hard we shall be perfectly able to resolve this problem. Our lathes and some other machine tools, for instance, are not inferior to most others, so we export them in large numbers. Other commodities should also be of high quality, but they are not yet.

We must improve the quality of export goods, so that these will be welcomed not only in socialist but also in capitalist markets. At the moment we trade mostly on the socialist market, and our dealings with the capitalists are not worth mentioning.

According to the Party's policy, we should trade primarily on the socialist market and gradually increase capitalist-market trade transactions.

If we enter the capitalist market, we can buy quantities of necessary raw materials and high-quality goods of different kinds. We can import good raw materials from newly independent countries in particular. If we develop trade relations with Indonesia, for example, we can buy rubber, crude oil, bauxite and good-quality timber which we badly need.

Trade which is biased towards a few countries cannot possibly avoid various limitations. Only when we have trade links with many countries

around the world can our trade activities be active and effective, and only then can we obtain different kinds of high-quality goods and contribute to accelerating our economic development and to further improving the people's standard of living.

To make a broad advance into foreign markets, the capitalist market in particular, is of great significance in consolidating the foundations of our independent economy and rapidly improving the people's living standards. The basic way of resolving this problem is to raise the quality of our manufactured goods and mass-produce the items which are in demand internationally. The Party and state officials, those in charge of economic affairs and all the working people should therefore make strenuous efforts to improve the quality of their products.

5. ON LAND MANAGEMENT AND THE PEOPLE'S MATERIAL AND CULTURAL LIVES

1) ON IMPROVING LAND MANAGEMENT

Effective conservation and management of natural resources and public facilities is of great importance in increasing the wealth and beauty of the country and in improving the people's standard of living. It can be said that even before the establishment of the Ministry of Land Administration the land and its resources were owned, because they all belonged to the state. But no one managed them in a responsible way. For instance, people used forests and rivers, but no one took care of them. The care of land other than farmlands was also nobody's responsibility. The same is true of roads.

The Ministry of Land Administration was set up for the unified control and management of land and resources and, in the provinces and

ON THE FURTHER DEVELOPMENT OF BIOLOGY AND THE
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