

December 7, 1957

**Notes from a Conversation between the 1st
Secretary of the PRL Embassy in the DPRK with
Cheng Wenjin, 1st Secretary of the Embassy of the
PRC**

Citation:

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Summary:

Brzezinski Henryk and Cheng Wenjin discuss North Korea's Five-Year Plan, China's economic advice offered to the North Koreans, and Chinese aid to and trade with North Korea.

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Embassy of the Pyongyang, 7.XII.1957
People's Republic of Poland
in Pyongyang [trans. note: tilted stamp]

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SECRET [trans. note: tilted stamp]

N o t e

From a conversation with Cheng Wenjin, 1st Secretary of the Embassy of the PRC of 6.XII.1957

The conversation aimed to gain information about the PRC's remarks on the issue of the DPRK's 5-year plan.

The consultation in China on the issue of the 5-year plan of the DPRK began on 12.IX.57 and lasted over 20 days. Heading the delegation from the DPRK side was Kim Il (vice premier who had also been in the USSR with a similar issue), from the PRC one of the vice premiers.

The delegation worked in two groups:

1. group discussed the 5-year plan,
2. group discussed issues of trade in the 5-year plan.

About the 5-year plan the main currents of the plan, tempo, the balance sheet, industry-agriculture, some norms were discussed. In the discussions, the Chinese relied above all on the experiences of their own 5-year plan. The Chinese side deems the general outline of the DPRK's 5-year plan as appropriate and useful. This was rationalized by the fact that the plan had been developed with the backing of their own base and forces. The plan foresees securing the economy with resources and raw materials. On the basis of their own experiences, the Chinese informed the Koreans that agriculture has a big influence in solving general tasks of the economy. The speed of the development of agriculture strongly influences the speed of the development of industry. The Chinese informed that in the period of their 5-year plan, the year 1955 had very good crops and the years 1954 and 1956 were bad. Because of this, supplies were lower in China in those years, which was reflected in industry, and financial profits diminished. The Chinese believed that on the basis of their own experience they learned the importance of agriculture. In the second 5-year plan the development of various branches of industry and agriculture will be done. In industry pressure will be placed on the development of those branches that influence the development of agriculture. In the first 5-year plan the Chinese planned to invest 5.7% of overall investment in agriculture. In practice, 8% was invested. 12% is being foreseen for the second 5-year plan.

The Chinese recognized the assumed speed of development of agriculture in the Korean plan as active, but at the same time deemed the investment as insufficient.

On the issue of the development of industry in Korea, the Chinese indicated that the shortage of some raw materials should be noticed. Apart from that, in the Chinese opinion one should not build those branches of industry that are not indispensable to the country's economy and at the same time the export of that production is difficult. (I think that here it was a question of the machine and precision industries).

In the opinion of the Chinese, long-term plans should be developed on the basis of

proven data.

The realization of the first 5-year plan in China has demonstrated that bad years in agriculture were not appreciated, as a result of which there were difficulties in China.

In construction, too many resources have been put into non-productive construction. This shortcoming had not been anticipated.

In the area of culture and education, it is being currently considered in China that education, especially higher education, should be developed on the basis of progressing development of industry and agriculture. In other words, the development of industry and agriculture should be the basis for the appropriate development of education.

The Chinese said that some underappreciated raising of the standard of living of the population had existed. In this area one should take care very carefully to make sure that the appropriate mass of goods be found on the market together with a rise in wages.

The Chinese asserted that the slogan "through the growth in work and production output to the rise in the standard of living" had been unclear, and in particular cases led to misunderstandings (e.g., in those factories where output of work and production really did grow, and the general situation did not allow for an appropriate rise in the standard of living).

The Chinese counseled planning an increase in the standard of living for the long period that is a 5-year plan on the basis of the most justified foundations. Better to plan a lower increase in the standard of living. It is better to go over the planned growth than not to fulfill promises.

The Chinese stressed that to raise the standard of living, agriculture is of the greatest significance. They warned to count on and appreciate the possibility of bad crop years.

The Chinese recommended watching the balance of raw materials and the market for production. It was advised that the government always have the possibility of supporting agriculture.

On the question of trade, the Koreans asked for the delivery of some of the goods that are unprofitable in China. The Chinese government has in mind aid to Korea and in this sphere has reached an agreement with the DPRK. In the talks, the basic quantities of the more important goods which will be delivered by China in the course of the next 5 years were set. In 1958 China will deliver 700,000 t. of coking coal and 170,000 t. of brown coal. 30,000 t. of coke, 30,000 t. of soy (this quantity will fully satisfy the DPRK's needs).

The Koreans withdrew the import of grains.

5,500 t. of sulphur, 3,300 t. of rubber (it was requested) 3,100 t. will be delivered. The Koreans asked for 12,000 t. of cotton. As we know, China has not fulfilled the goals of the 5-year plan in the production of cotton, hence they will deliver 8,000 t. for 1958 to the DPRK. They asked for 1,500 t. of cotton yarn: 500 t. will be delivered. They asked for 10,000,000 of cotton fabric, 5,000,000 will be delivered. In 1959 China will deliver the same amount of coal and coke to the DPRK as in 1958. Sulphur in 1959-61 on the level of 1958. Here, it was suggested that the Koreans exploit their own pyrite. In 1959 the deliveries of cotton and cotton yarn will be reduced. In 1960

deliveries of cotton will be halted. Small amounts of yarn and textiles. In 1959-61 rubber on the level of 1958. It was agreed that world prices will be adhered to in trade.

The Chinese promised to take into account further Korean wishes as they develop their own second 5-year plan. The Koreans suggested to China the signing of a long-term trade treaty. The Chinese recommended that this issue be put off until the second 5-year plan is developed in China.

In the course of the later general conversation Cheng Wenjin said that at one point the Koreans asked China to build the following complete factories: a tannery, a factory of glass vessels, a factory of silk and a factory of perfume production.

China pointed to concrete possibilities of using the Korean production power, and the current Korean side no longer mentions the construction of the above-mentioned factories.

Cheng Wenjin gave the following as the more important steps in the economic sphere that have recently been taken by the DPRK: 1. the lifting of the ration card system (except rice); 2. the creation of a state monopoly in buying and selling grains; 3. the strengthening of oversight over private trade.

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2 cop[ies] M[inisterstwo] S[praw] Z[agranicznych-Ministry of Foreign Affairs]
Dep[artment] V

1 cop[y] a/a

Brzezinski Henryk

[trans. note: followed by signature]

1st Secretary of the P[olska] R[zeczpospolita] L[udowa- People's Republic of Poland]
Embassy in the DPRK