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Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry

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Summary:

Hungarian Chargé d'Affaires ad interim Károly Fendler reports on the inefficient management practices and unrealistic goals set by North Korea's leadership, idiosyncrasies in Kim Il Sung's leadership, and North Korea's relations with China and the Soviet Union.

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At the end of July I had a long heart-to-heart talk with a close Korean friend of mine [...].

The Korean comrade told me that in his opinion, the primary reason for the current economic problems of Korea was bad economic planning [...]. In the course of drawing up national plans for each branch of industry, they naturally take the capacity of the individual enterprises and factories as their starting-point. Preparation of the plans takes place, by and large, in the following manner: the competent employees of the central organs visit the enterprise or factory in question, and the latter's director informs them about its capacity and potentialities. The comrades coming "from above" usually find that insufficient, and they generally turn to the workers in the matter of the next year's plan. With an adequate political arrangement, one can always find some so-called "hurray" men, who assume production obligations that are well over what can be fulfilled [...]. The plan for the factory is made on the basis of these pledges, and the director, if he happens to protest, will be branded a "backward-looking" man, which often leads to his qualification as politically unreliable and to his dismissal. Of course, a plan drawn up in this way cannot be fulfilled either by the enterprise or the branch of industry, and this also affects the other branches, since the same unrealistic plan targets are given as index numbers for the related industries as well.

The phenomenon described above is observable not only on lower levels but also on the highest level. My informant told me that recently, Comrade Deputy Premier Jeong Juntaek, the chairman of the National Planning Office, and several of his high-ranking subordinates, paid a visit to Comrade Kim Il Sung, and they frankly revealed the situation of the vinalon factory.

In accordance with the 1962 plan, the factory should produce 10 thousand tons of vinalon, but due to various technological and other difficulties, so far it has produced a mere 5 or 6 tons per day. According to my informant, Comrade Kim Il Sung received this information with exasperation, he literally chased Jeong Juntaek and the others out from his office. Several high-ranking employees of the National Planning Office were soon dismissed and expelled from the party.

The Korean comrade told me that although Comrade Kim Il Sung had good organizational skills, his general theoretical and economic learning was very scanty, he usually liked to do his work in a "military" way. My informant explained this as follows: Kim Il Sung compares every issue to a front-line battle, that is, we always face some enemy to be defeated (in the case of production, nature is the enemy). For this reason, Comrade Kim Il Sung cannot study certain economic issues concretely and closely, he regards the embellished reports as true. He [the informant] cited as an example that whenever it was announced to him [Kim Il Sung] that they wished to overfulfill the plan targets of the given factory or branch by so many percentages in the following plan period, he always took this approvingly and contentedly. As I already mentioned, it is very frequent that the plans lack a real basis, but this comes to light only along the way, which again ends in the replacement of the professional leaders.

"Unfortunately," my informant said, "certain members of the Political Committee take advantage of this weakness of Kim Il Sung, and they regularly mislead him." The Korean comrade cited Comrade Deputy Premier Li Changok, the chairman of the Committee of Heavy Industry, as an example [...]. He also remarked that in the opinion of Kim Il Sung and the Party Center, the issue of political guidance was of single and exclusive importance in solving any problem, that is, this slogan resulted in a disregard of professional considerations, and often in a disdain for the latter. Of course, this does not promote solving the issue of technical cadres, which is difficult in any case. The rise of careerists and people of that ilk, and the thrusting of the few technical experts into the background and their designation as politically unreliable on fictitious charges, is a common occurrence. At the same time, the Party Center

and the central organs constantly send various teams of inspectors to each area or factory; there are often 5 or 6 different control teams in a place, who disturb the work there with their activity, undermine the authority of the local leaders, and so on.

The various and constant political campaigns do not promote work in all cases.

In what follows, the Korean comrade told me that on 19th June, a secret meeting had been held at the Party Center, and its subject was the preparation of the 1963 economic plan. Comrade Kim Il Sung also attended the meeting and made a speech. To the knowledge of my informant, the two focal points of the next year's plan are the development of agriculture and the development of the defense industry. The Korean comrades pay increased attention to the development of defense capabilities, they will begin the construction of a very large defense factory in the city of Ganggye, near the Korean-Chinese border, in the immediate future. In higher circles, the extension of the 7 Year Plan (1961-67) by one year, through the omission of the year of 1963 from the period of the 7-year plan [...], is taken into consideration. A decision has not yet been made, but according to my informant, the issue is not likely to be published at all. In his opinion, the omission of the coming year would lead to a "transition" year comparable to the year of 1960 [...].

According to my Korean friend, the six months' report that was recently published by the Office of Statistics reflects not just an embellished situation but a falsified one, since [...] the six main targets of this year's plan are unreal, and there is no guarantee at all of their fulfillment.

At the end of June, Comrade Kulaevsky, TASS's correspondent in Pyongyang, also informed me of what he had heard of the background of the slogan charyok kaengsaeng, i.e. thriving unaided. As is well-known, this slogan, which covers a highly autarkic and nationalist tendency, was set by Comrade Kim Il Sung at the plenum of the Korean Workers' Party CC last December, and since then it has become the cornerstone of Korean domestic and economic policies and ideological work. According to the information Comrade Kulaevsky got from a Korean party worker, the slogan is in fact nothing else but the reaction of the Korean party leadership to the XXIIInd Congress, the self-defense of the regime of personality cult. According to what we have heard, at the March CC plenum Comrade Kim Il Sung, while explaining the slogan, allegedly declared that "we must prepare for the contingency that the Soviet Union will cast us aside in the same way as happened to Albania."

This information is confirmed by other sources and by the fact that the Korean press published only a short piece of news about the last COMECON session that had been held in Moscow, and it did not publish the document on the basic principles of international division of labor. Otherwise, the press and party education do not study the issues of international division of labor; according to certain pieces of information we received, this issue is often branded a "revisionist" one.

Comment: Autarkic tendencies had been felt in the economy of the DPRK even earlier, but in 1960—presumably due to the "transition year"—some subsidence in this field and a more or less realistic attitude were observable. The Korean comrades distanced themselves from the various mistakes the Chinese comrades had made in economic policy, and they even gave their opinion of them [the mistakes] within the party, [informing functionaries] to middle-level cadres inclusive. In the second half of last year, particularly since the December plenum, autarkic tendencies have again been felt to a great extent.

Regarding the relationship [of the DPRK] with China, one cannot say that their standpoint is identical in every respect, although Korean-Chinese relations have greatly intensified in the last year and a half. According to the Korean friend of mine whom I mentioned in the early parts of my memorandum, there is an undeniable

identity of Korean and Chinese views in the line of foreign policy, which manifests itself primarily in that both regard the anti-imperialist struggle and the colonial-national [sic] liberation movement as the most important task of our time. At the same time, my friend also remarked that in the field of economic policy, the Koreans still did not adopt, for instance, Chinese agricultural policy, etc., and they had other reservations as well. Another Korean acquaintance of mine [...] recently [...] suddenly remarked: "Do not think that we follow the Chinese line in every respect."

For the time being, the Korean comrades—approximately since May—outwardly intensely emphasize the unity of the socialist camp and the friendship of its peoples. On the surface, they make an effort to maintain a balance between the USSR and China (see the first anniversaries of the Treaties of Cooperation), and the F[oreign] M[inistry] behaves in a friendly manner towards the D[iplomatic] C[orps] in Pyongyang; as opposed to the past, programs are frequently organized; etc. It's just possible that it is the result of the visit of Peng Zhen (in April and May), who may have warned the Korean comrades for "tactical" reasons.

Károly Fendler