



NORTH KOREA INTERNATIONAL DOCUMENTATION PROJECT

WORKING PAPER #4

China and the Post-War Reconstruction of North Korea, 1953-1961

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May 2012

NKIDP



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Christian F. Ostermann and James F. Person, Series Editors

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China and the Post-War Reconstruction of North Korea, 1953-1961

Zhihua Shen and Yafeng Xia*

Since the end of the Cold War, and especially since the emergence of the North Korean nuclear crisis, scholars have paid closer attention to the history of North Korea and its relations with its former Communist allies after the Korean War. The declassification of Cold War era documents from the archives of North Korea's erstwhile allies contributes to this new scholarship.¹ These newly available archival materials shed fresh light, if still dim, on previously misunderstood episodes and themes in North Korean history, including the "August 1956 Incident" of the Korean Workers' Party (KWP) Central Committee;² Soviet and Eastern European economic and technical aid to Korea after the Korean War;³ the evolution of Soviet-North Korean relations;⁴ the evolution of Kim Il Sung's *Juche* ideology;⁵ and North Korea's

* Yafeng Xia completed this article during his time as a Fellow at the Woodrow Wilson International Center for Scholars from September 2011 through May 2012. He would like to thank Christian Ostermann, James F. Person, Charles Kraus, Yuree Kim, and Miriam Wishnick for their advice, support, and patience throughout the process.

¹ Many of these documents have also been translated into English. See Sergey Radchenko, "The Soviet Union and the North Korean Seizure of the USS Pueblo: Evidence from the Russian Archives," *CWIHP Working Paper* 47 (April 2005); James F. Person, ed., "New Evidence on North Korea in 1956," *CWIHP Bulletin* 16 (Fall 2007/Winter 2008); James F. Person, ed., "Limits of the 'Lips and Teeth Alliance'—New Evidence on Sino-DPRK Relations, 1955-1984," *NKIDP Document Reader* 2 (March 2009).

² Andrei Lankov, *Crisis in North Korea: The Failure of De-Stalinization, 1956* (Honolulu: University of Hawaii Press, 2004); Sin Se Ra, "Politicheskaya bor'ba v rukovodstve KNDR v 1953-1956 gg.: prichiny i dinamika," *Problemy dal'nego vostoka* [Far East Affairs], no. 3 (2009).

³ Balazs Szalontai, "'You Have No Political Line of Your Own': Kim Il Sung and the Soviets, 1963-1964," *CWIHP Bulletin* 14/15 (Winter 2003-Spring 2004); Charles Armstrong, "'Fraternal Socialism': The International Reconstruction of Korea, 1953-62," *Cold War History* 5, no. 2 (May 2005); James F. Person, "We Need Help from Outside: The North Korean Opposition Movement of 1956," *CWIHP Working Paper* 52 (August 2006); Balazs Szalontai and Sergey Radchenko, "North Korea's Efforts to Acquire Nuclear Technology and Nuclear Weapons: Evidence from Russian and Hungarian," *CWIHP Working Paper* 53 (August 2006); Avram Agov, "North Korea in the Socialist World: Integration and Divergence, 1945-1970" (PhD diss., The University of British Columbia, 2010).

⁴ Andrei Lankov, *From Stalin to Kim Il Sung: The Formation of North Korea 1945-1960* (London: Hurst & Company, 2002); Szalontai, "'You Have No Political Line of Your Own,'" 93-103; Balazs Szalontai, *Kim Il Sung in the Khrushchev Era: Soviet-DPRK Relations and the Roots of North Korean Despotism, 1953-1964* (Washington, D.C.: Woodrow Wilson Center Press; Stanford, CA: Stanford University Press, 2006); Nobuo Shimotomai, "Kim Il-Sung's Balancing Act between Moscow and Beijing, 1956-1972," in Tsuyoshi Hasegawa, ed., *The Cold War in East Asia, 1945-1991* (Washington, D.C.: Woodrow Wilson Center Press; Stanford, CA: Stanford University Press,

unification policies, among other subjects.⁶ These studies, based on the newly available archival evidence, also reveal previously unknown details about the inner-workings and foreign relations of the highly secretive Democratic People's Republic of Korea (DPRK).

When the fighting stopped in July 1953, the northern half of the Korean peninsula lay in utter ruin. North Korea, which endured three years of sustained bombing campaigns, claimed a reduction in industrial output at the end of the war of nearly 40 percent compared to that of 1949.⁷ The production of consumer goods similarly declined, and the production of agriculture had dropped by some 24 percent.⁸ Hundreds of thousands of acres of farmland had been destroyed, along with nearly three-quarters of homes. Electricity production was down to 26 percent of its pre-war levels, chemical production 22 percent, and fuel and metallurgical production 11 percent and 10 percent respectively. The transportation infrastructure had been seriously harmed, with 70 percent of trains and 85 percent of ships destroyed and much of the railway system not operational.⁹ The DPRK estimated that war-related damage amounted to 420 billion won, or nearly 170 million US dollars (USD) by then-current exchange rates.¹⁰ As

2011), 122-51; Nobuo Shimtomai, *Mosukuwa to Kin Nisei* [Moscow and Kim Il-Sung] (Tokyo: Iwanami shoten, 2006).

⁵ James F. Person, "From Anti-Foreignism to Self-Reliance: The Evolution of North Korea's *Juche* Ideology" (paper presented at "Northeast Asia in the Cold War: New Evidence and Perspectives," Hokkaido University, Summer 2008); Charles K. Armstrong, "*Juche* and North Korea's Global Aspirations," *NKIDP Working Paper* 1 (December 2010); Mitchell Lerner, "'Mostly Propaganda in Nature': Kim Il Sung, the *Juche* Ideology, and the Second Korean War," *NKIDP Working Paper* 3 (December 2010).

⁶ Bernd Schaefer, "Overconfidence Shattered: North Korean Unification Policy, 1971-1975," *NKIDP Working Paper* 2 (December 2010).

⁷ *Postwar Reconstruction and Development of the National Economy of the DPRK* (Pyongyang: Foreign Languages Publishing House, 1957), 8.

⁸ Natalia Bazhanova, *Kiroe son Puk Han kyongje* [North Korean Economy at the Crossroads], trans. Yang Chu-yong (Seoul: Hanguk kyongjie sinmunsa, 1992), 8.

⁹ Soviet Embassy to the DPRK, Diary Report, 7 July 1954, Archives of Foreign Policy of Russian Federation (AVPRF), f. 0102, op. 10, p. 53, d., 8.

¹⁰ *Postwar Reconstruction*, 8. According to an April 1955 Soviet document, the damage inflicted on North Korea by the war was calculated at 430 billion won (14 billion rubles or USD 3.5 billion). See N. Fedorenko and B. Ponomarev to the CPSU CC, "Information about the Situation in the DPRK," April 1955, NKIDP Archives.

historian Charles Armstrong puts it, “[i]n short, North Korea had been virtually destroyed as an industrial society” by the end of the Korean War.¹¹

North Korea was highly successful in securing foreign aid for its post-war reconstruction. In the immediate post-war period, the Soviet Union, China and other socialist countries provided large-scale aid to North Korea, totaling to one-third of North Korea’s financial budget for 1954. The aid came in the form of labor, materials and goods, reconstruction and building plants, civil construction work, technology transfers, and the education of specialists and students. It played a vital role in North Korea’s economic recovery. In his article “Fraternal Socialism,” Charles Armstrong writes, “[t]he period of post-war reconstruction in North Korea was the first and only time the Soviet Union, China and the Soviet-aligned countries of Eastern Europe and Mongolia cooperated in a multilateral development project of such scale.”¹² Armstrong’s article is strong in documenting Soviet and Eastern European countries’ contributions to the process, but it is very brief on the tremendous role that China played in North Korea’s reconstruction. Although China was itself in a dire economic situation after the Korean War, the assistance Beijing provided to North Korea was comparable to and even surpassing that of Moscow. In particular, at its peak, thirty-four divisions of Chinese People’s Volunteers were stationed in North Korea, providing free labor—which was an irreplaceable contribution—until they were withdrawn in 1958.¹³

Making use of recently declassified Chinese archival materials, particularly those from the Chinese Foreign Ministry and provincial and municipal government level archives, and supplementing these materials with Soviet and Eastern European documents, this article examines the period of post-war reconstruction, paying particular attention to China’s economic

¹¹ Armstrong, “Fraternal Socialism,” 162.

¹² *Ibid.*

¹³ After the war, thirty-four Chinese divisions were stationed in North Korea. Nineteen divisions left in 1954-1955 and the rest stayed until 1958.

aid to North Korea. It analyzes the connections between Chinese aid and the Sino-North Korean political and diplomatic relationship, as well as how China's assistance affected the triangular relations between China, North Korea, and the Soviet Union from 1953 to 1961; i.e. from the honeymoon period of Sino-Soviet cooperation to the verge of the split that divided the communist camp, placing North Korea—which maintained a common border with both countries—in a precarious position.

During the war, North Korean leader Kim Il Sung was already very much concerned with post-war reconstruction. Within days of signing the armistice, Kim approached the Soviet Union, a backstage player during the war, for economic aid. On 31 July 1953, Kim Il Sung sent a report to the Soviet ambassador in Pyeongyang [Pyongyang], describing the extent of war damage and the need for Soviet assistance to rehabilitate North Korea's economy.¹⁴ At the Sixth Plenum of the Korean Workers' Party (KWP) Central Committee (CC) on 5 August, Kim outlined North Korea's plan for post-war reconstruction. The new economic program would consist of three stages: a preparatory period of about six months to a year to assess the needs and make plans for reconstruction; a Three-Year Plan (1954-1956) to bring the economy up to pre-1950 levels; and a Five-Year Plan for the general industrialization of the entire country.¹⁵ In the end, the Soviet Union, China, East Germany, Poland, Czechoslovakia, Hungary, and other "fraternal countries" all contributed to North Korea's reconstruction.¹⁶ The post-war reconstruction of North Korea was a real division of labor for the Socialist camp, wholly consistent with the renewed interest in coordinating intra-bloc investments and trade policies. According to documents from the USSR

¹⁴ Kim Il Sung to Soviet Ambassador Suzdalev, "General Report on Basic Reconstruction of Important Enterprises Relating to Heavy Industry," 31 July 1953, AVPRF, f. 0102, Op.9, p. 44, d. 8, cited from Armstrong, "Fraternal Socialism," 163.

¹⁵ Kim Il Sung, *All for the Postwar Rehabilitation and Development of the National Economy* (Pyongyang: Foreign Languages Publishing House, 1961); Robert Scalapino and Chong-Sik Lee, *Communism in Korea: The Movement* (Berkeley: University of California Press, 1972), 528; Zhonggong zhongyang duiwai lianluobu bian, *Jin Richeng wenji, 1945-1967* [Selected Papers of Kim Il Sung] (1982, unpublished), 51-52.

¹⁶ Armstrong, "Fraternal Socialism," 163-64.

Trade Ministry documents, exactly one-third (33.3 percent) of reconstruction aid came from the USSR, 29.4 percent from China, 37.8 percent from Eastern European Communist countries, and 0.5 percent from Mongolia and North Vietnam.¹⁷ To paraphrase Karl Marx, “From each according to its ability, to North Korea according to its need.”

The Preparatory Period

China’s influence and role in North Korea increased dramatically during the Korean War. Kim Il Sung had relied on Soviet aid and support from 1945 to 1950, i.e. prior to the war. Once the Chinese People’s Volunteers were dispatched to Korea following the collapse of the North Korean offensive in the fall of 1950, Soviet leader Joseph Stalin stood firmly by Mao Zedong—for the duration of the war—whenever Kim clashed with the Chinese over how to fight the war and achieve peace. Kim suffered the humiliation of becoming completely dependent on China, and to a lesser extent, on the Soviet Union, for the survival of both his regime and of North Korea itself. This experience undoubtedly left a deep psychological impact on him. This probably explained why the North Korean leaders were hesitant to ask China for economic aid immediately after the war. Kim first sought aid from the Soviet Union, not China. He led a delegation to Moscow in September 1953 to settle the terms of Soviet aid, which amounted to one billion rubles (USD 250 million). It was decided that these funds would be used primarily for reconstructing major factories and institutions.¹⁸ In November, Kim then dispatched Minister of Commerce Ri Ju-yeon [Ri Ju Yon] to Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, and East Germany to seek economic aid. Each of the Eastern European Communist countries agreed to undertake some rehabilitation projects as part of their contribution to North Korea’s reconstruction. The total economic commitment from Eastern European countries for a

¹⁷ “Foreign assistance to the DPRK, 1953-60,” cited from Armstrong, “Fraternal Socialism,” 165.

¹⁸ AVPRF f. 3, op. 65, p. 779, d. 2, pp. 11-12.

period of ten years was 1.147 billion rubles (USD 286.75 million), of which nearly half from East Germany. By the end of 1954, the total amount of aid from Eastern European countries was 202 million rubles (USD 50.5 million).¹⁹

A full two months after his trip to the Soviet Union, Kim Il Sung visited China for two weeks in November. Despite wartime clashes over the use of railroads, the pace of reconstruction efforts, and peace talks, Beijing proved ready to help and made an initial commitment, which was much more generous than Moscow's. In their first meeting on 16 November, Chinese Premier and Foreign Minister Zhou Enlai proposed signing a secret Sino-Korean technological cooperation agreement. On the 23 November, China and North Korea signed the "Sino-Korean Economic and Cultural Cooperation Agreement."²⁰ China's aid included the cancellation of North Korea's war-time debt, which amounted to 729 million Chinese yuan (USD 362.5 million), and a gift of 800 million Chinese yuan (USD 400 million) in aid for the period between 1954 and 1957, of which 300 million Chinese yuan (USD 125 million) was made available during the first year.²¹ These funds would be used for purchasing industrial materials, construction materials, machines and equipment, grains, and repairing railways and bridges. From 1954 to 1956, China also looked after 22,735 Korean child refugees. In other areas, China also offered very favorable terms. According to the Sino-North Korean agreement, the North Korean government only had to pay Chinese experts dispatched to Korea the same salary as they earned in China (plus travelling allowances, health costs, lodging and transportation). By contrast, the DPRK government had to offer much higher living allowances to Soviet experts dispatched to Korea to help in reconstruction. Korean trainees (mechanics and technicians) sent to China enjoyed the

¹⁹ Russian State Archive of Contemporary History (RGANI), f. 5, op. 28, d. 412, 170-72; Bernd Schafer, "Weathering the Sino-Soviet Conflict: The GDR and North Korea, 1949-1989," *CWIHP Bulletin* 14/15 (Winter 2003-Spring 2004): 25-71; Armstrong, "Fraternal Socialism," 168-69, 174-75.

²⁰ Li Ping *et al.*, *Zhou Enlai nianpu, 1949-1976* [The Chronicles of Zhou Enlai, 1949-1976], vol. 1 (Beijing: Zhongyang Wenxian and Renmin Chubanshe, 1997), 334-35.

²¹ The exchange rate in the 1950s was that 4 rubles equaled to USD 1.

same treatment as their Chinese counterparts, and Pyeongyang only had to pay for their travel expenses and lodging. For those Korean trainees in the Soviet Union, Pyeongyang had to pay a much higher fee, including an average 100-150 rubles monthly (USD 25-USD 37.50) instruction fee. For Korean students in China, Pyeongyang only had to cover their stipends and travelling expenses. The Chinese government provided free lodging and did not charge tuition, while the Soviet government charged 50 percent of the total cost, including lodging and tuition.²²

Thus, in 1954, the first year of reconstruction, China made a commitment to provide a total of over three billion rubles (USD 750 million) in free economic aid to North Korea, a sum much higher than the total of 2.2 billion rubles (USD 550 million) of aid from the Soviet Union and Eastern European countries. China's aid to North Korea in 1954 was equal to 3.4 percent of China's 1954 budget. In view of the losses China suffered during the Korean War, why did China make such an enormous commitment to North Korea? Some scholars have argued that it reflected "in part the Chinese government's interest in competing with the USSR for influence in North Korea."²³ However, we disagree with this interpretation. As the Korean War had just ended, it is unlikely that China wanted to compete with the Soviet Union. China relied heavily on the Soviet Union for its own economic reconstruction. A more plausible explanation is that Mao wanted to reconstruct Sino-DPRK relations after China had alienated the North Koreans during the war. Due to historical legacies affecting the relationship between China and Korea and Mao's aspiration to be the leader of Asian revolution, Beijing had to pay a high price in order to maintain its influence in North Korea. Zhou Enlai recognized that damage had been done to the Sino-DPRK relationship during the war when he told the DPRK delegation on 23 November that

²² AVPRF, f. 0102, op.7, d. 47, p. 115-20; *Renmin Ribao*, 24 November 1953, 1; Shanghai Municipal Archives, A 38-2-352, pp. 50-52; Shen Jueren, ed., *Dangdai Zhongguo de duiwai maoyi* [Contemporary China's Foreign Trade] (Beijing: Dangdai Zhongguo Chubanshe, 1992), 300.

²³ See, for example, Armstrong, "Fraternal Socialism," 164; Kim Deok, "Sino-Soviet Dispute and North Korea," *Korea Observer* 10, no. 1 (1979): 12.

China's assistance and the Sino-Korean Economic and Cultural Cooperation Agreement "would regularize the traditional friendship and cooperation" between the two countries.²⁴

Fraternal aid played a crucial role in the early stages of North Korea's reconstruction. In 1954, fraternal funds made up 31.6 percent of North Korea's budget. While Soviet and Eastern European countries provided industrial projects, especially in heavy industry, China offered 130,000 tons of grain, 40 million meters of cotton cloth, 600,000 pairs of shoes, and 300,000 pieces of winter clothes.²⁵ In addition, nearly half-a-million Chinese People's Volunteers in North Korea provided much needed labor. By the time of their withdrawal from North Korea in October 1958, the CPV had repaired and maintained 881 public spaces and 45,412 rooms in private homes, restored and built 4,263 bridges, constructed 429,220 meters of dams and 1,218.71 kilometers of ditches and canals, and provided many other services.²⁶

On 11 March 1954, the DPRK cabinet passed a resolution, stating "[we] have successfully completed the 1953 plan, which is the preparation for recovering and developing the people's economy." North Korea then began to implement the Three-Year Plan for economic recovery.²⁷

The Three-Year Plan

During the Three-Year Plan, the Soviet Union continued to provide industrial equipment while China supplied daily necessities and industrial raw materials.²⁸ As Charles Armstrong noted, during the period of the Three-Year Plan, "North Korea was dependent on fraternal

²⁴ Zhou Enlai nianpu, 1949-1976, vol. 1, 335.

²⁵ RGANI f. 5, op. 28, d. 314, pp. 45-48. Other source indicates that fraternal aid consisted of 35 percent of North Korea's 1954 budget.

²⁶ *Renmin Ribao*, 31 March 1954, 1; 25 June, 3; 9 May, 1; 28 May, 1; 6 June, 1; 25 October 1957, 5; 31 October 1958, 3.

²⁷ *Renmin Ribao*, 23 March 1954, 4.

²⁸ Nam Hyeon Uk, *China and Soviet Assistance to North Korea and the Status of Trade, 1946-1978* (Korea Institute of National Unification, February 1979, unpublished), 10.

assistance for more than 80 percent of its industrial reconstruction needs.”²⁹ The Soviet Union, China, and Eastern European countries assisted in building 20 percent of new factories completely on their own.³⁰

From 1954 to 1957, the total amount of Chinese exports to North Korea was 922 million Chinese yuan. China exported 449,000 tons of grain, 178,000 tons of soybean, 3,950 tons of cotton yarn, 35,590 tons of cotton, 88.476 million meters of cotton cloth, 3.456 million tons of coal, 260,000 tons of coke, and 11,200 tons of rubber to North Korea. Imports from North Korea to China totaled 127 million yuan, and included seafood, iron sand, chemical industry raw materials, and apples. China eventually allowed North Korea’s trade deficit to be forgiven and counted as aid.³¹ In 1954 alone, China also accepted over 3,000 North Korean trainees, who were assigned to Shanghai, Shenyang and other cities.³²

Taking advantage of the massive amounts of foreign aid, the DPRK accomplished its Three-Year Plan by 1955, one year ahead of schedule. According to North Korean official published sources, industrial investment in capital construction in 1955 was three times the total investment amount in capital construction in the five pre-war years combined, and the total industrial output in 1955 was 56 percent higher than that in 1949.³³ But over-investment in infrastructure caused huge deficits and dislocation in industrial development, which led to

²⁹ Armstrong, “Fraternal Socialism,” 165.

³⁰ Agov, “North Korea in the Socialist World,” 256-57.

³¹ Li Fuchun’s Report on Sino-Korean Trade Negotiations, 30 September 1957, State Planning Commission Archives [**Document 5**]. But Eastern European archives gave quite different numbers on Sino-North Korean trade. See Agov, “North Korea in the Socialist World,” 206-207.

³² Shanghai Municipal Archives, A 38-2-352, pp.1-4; Shi Lin, ed., *Dangdai Zhongguo de duiwai jinji hezuo* [Contemporary China’s Foreign Trade Cooperation] (Beijing: Zhongguo Shehui Kexue Chubanshe, 1989), 26; *Renmin Ribao*, 25 August 1956, 2;

³³ *Renmin Ribao*, 3 February 1956, 4, and 26 March, 3.

shortages in consumer goods, while the rapid rate of agricultural cooperativization generated serious resentment among North Korea's peasants.³⁴

In light of peasant resentment and differences of opinions within the ruling Korean Workers' Party (KWP), Kim Il Sung launched an inner-party struggle to put the blame on others. At the 10th session of the KWP's Central Committee in April 1955, Kim Il Sung criticized Pak Il-u [Pak Il U], Kim Ung [Kim Ung], and Bang Ho-san [Pang Ho San] of the Yan'an faction for sectarianism. He also blamed Pak Chang-ok [Pak Chang Ok] of the Moscow faction and Kim Il [Kim Il] of the Guerrilla faction for the grain crisis which had occurred during the spring of 1955. Kim Il Sung pointed out that "neither the Soviet Union nor China would help us forever. We must get prepared to deal with difficulties."³⁵ Kim Il Sung felt threatened by cadres from the Moscow faction and the Yan'an faction, citing the Soviet and Chinese practice of criticizing the KWP's mistakes.³⁶

To suppress different views within the party, Kim Il Sung proposed the *Juche* ideology. On 28 December 1955, Kim made a speech to propaganda department staff, criticizing Heo Ga-I [Ho Ka I], Pak Chang-ok, Pak Yong-bin [Pak Yong Bin] and Pak Il-u. He said,

While those who returned from the Soviet Union advocate the Soviet method, those who returned from China advocate the Chinese method. It is a meaningless debate... We are carrying out the Korean Revolution ... The Korean Revolution is the *Juche* of our party's ideological work. Thus, all our ideological work should serve the interests of the Korean Revolution.³⁷

³⁴ RGANI, f. 5, op. 28, d. 412, pp. 164-67, 174-76; Center for the Preservation of Contemporary Documentation, Russia (TsKhSD), f. 5, op. 28, d. 314, pp. 200-207. See also Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry, 10 May 1955, in *CWIHP Bulletin* 14/15:107-108; Scalapino and Lee, *Communism in Korea: The Movement*, 535.

³⁵ RGANI, f. 5, op. 28, d. 314, pp. 197-99; TsKhSD, f. 5, op. 28, d. 314, pp. 200-207.

³⁶ Sin, "Politicheskaya bor'ba v rukovodstve KNDR v 1953-1956 gg.: prichiny i dinamika," 129; Szalontai, "'You Have No Political Line of Your Own,'" 90; Interview with Kim Jung Sik, former head of organization department of the KWP's Pyongyang Municipal Committee, 17 February 2010.

³⁷ *Jin Richeng wenji*, 116-31.

The Japanese historian Nobuo Shimotomai asserted, “what eventually became the famous ideology of [J]uche started as a tool used to eliminate Soviet influence on DPRK ideology and education, although the term [J]uche itself was not clearly defined until the end of the 1950s.”³⁸

In order to give prominence to the *Juche* ideology, the Korean leaders seldom mentioned the massive economic aid from fraternal countries.³⁹ Kim’s intention was not to offend the Soviet Union and China. He wanted to protect his authority and leadership position. Kim knew that North Korea’s economic reconstruction depended on both the Soviet Union and China. The *Juche* ideology was for political and diplomatic independence. It did not exclude seeking economic aid, so long as North Korea did not become economically over-dependent and lose its freedom of action. Although he vehemently advocated *Juche* within the party, he continued to seek foreign aid, especially from Moscow and Beijing, when contemplating the Five-Year Plan.

While attending the 20th Congress of the Communist Party of the Soviet Union in February 1956, DPRK Vice Premier Choe Yong-geon [Choe Yong Gon] asked the Soviet leader for a moratorium on the Soviet loan to North Korea and in remitting mature debt. Pak Chang-ok later revealed that North Korea hoped to receive additional goods and materials in aid worth one billion rubles (USD 250 million) from the Soviet Union. They also expected the same amount from China. In May 1956, one month before departing on a trip to Moscow, Kim repeated the request to the Soviet ambassador, but reduced the amount to 500 million rubles (USD 125 million) in aid. He hoped that Eastern European countries (mainly East Germany, Hungary and

³⁸ Nobuo, “Kim Il Sung’s Balancing Act between Moscow and Beijing,” 126.

³⁹ AVPRF f. 0102, op. 13, p. 53, d.5, l.131-45; Schaefer, “Weathering the Sino-Soviet Conflict,” 28. It is worth noting that at the sixth plenum of the Supreme People’s Assembly of the DPRK in December 1953, “Kim Il Sung analyzed in detail the agreement signed between the Government of the DPRK and the Governments of the Soviet Union, the People’s Republic of China, Poland, Czechoslovakia, German Democratic Republic, Romania, Bulgaria and Hungary, stressing what great assistance these countries promised to give to Korea in rebuilding its national economy destroyed by American invaders.” See Embassy of the Polish Republic in Korea, Report No. 8 of the Embassy of the People’s Republic of Poland in the Democratic People’s Republic of Korea for the Period of 1 December to 31 December 1953, NKIDP Archives. We argue that this speech was made about one month after Kim’s trip to the Soviet Union, and his point was more to stress his diplomatic success than to praise his generous allies.

Czechoslovakia) would also agree to remit mature debt as well and planned to request another loan from East Germany.⁴⁰

In June and July, Kim Il Sung led a delegation to visit the Soviet Union and Eastern Europe. East Germany agreed to render 18 million rubles (USD 4.5 million) *gratis* in the form of daily necessities from the leftover funds for the reconstruction of Hamheung [Hamhung].⁴¹ The Soviet Union also agreed to give an additional 300 million rubles (USD 75 million) of free economic aid and cancel North Korea's 570 million rubles (USD 142.5 million) of debt.⁴² The amount of aid Kim received was far less than what he had expected. It seemed that the Soviet Union and Eastern European countries had their own economic concerns, and they felt offended by North Korea's pretension. According to a cable from Soviet Ambassador V.I. Ivanov to Moscow during the Korean Workers' Party's Third Congress in April 1956, Korea "does not give up on establishing a closed-door economy and gives little attention to strengthening the connection among socialist bloc countries and forming the division of labor." In his lengthy report at the Congress, Kim did not even acknowledge the massive aid given by the Soviet Union, China and other fraternal countries.⁴³

With the shortfall in aid from the Soviet Union and Eastern European fraternal allies, Kim again turned to China for the additional aid needed to launch the Five-Year Plan. After talking to the Chinese embassy in Pyeongyang in August, the DPRK State Planning Commission drafted a proposal requesting that China provide economic aid. Chinese ambassador Qiao Xiaoguang believed that Kim Il Sung would lead a delegation to attend the Eighth Congress of the Chinese Communist Party (CCP) and discuss aid at that time. Meanwhile, the DPRK

⁴⁰ RGANI, f. 5, op. 28, d. 410, pp. 73-85, 171-94.

⁴¹ RGANI, f. 5, op. 28, d. 412, pp. 86-117, 253-76, 316-33.

⁴² KTS (Hungarian Legation Document), 12. doboz, 25/j, 005594/1956, cited from Szalontazi, "'You Have No Political Line of Your Own,'" 91.

⁴³ RGANI, f. 5, op. 28, d. 411, pp. 143-59.

embassy in Beijing submitted a draft agreement on the exchange of commodities between the two countries in 1957. According to the agreement, China would provide North Korea 200 million yuan (USD 100 million) in commodities, while the DPRK could only export to China 40 million yuan (USD 20 million) in goods. The North Korean draft agreement did not mention how it would make up the difference. In his meeting with Qiao Xiaoguang on 21 August, Kim Il Sung mentioned that North Korea could not satisfy the material needs of its people and asked China to help.⁴⁴ But a few days later, the “August Incident” of the KWP—a plenary session of the KWP CC at which Kim Il Sung purged long-time challengers of his development strategy—strained Sino-North Korean relations. Kim decided not to attend the Eighth Congress of the CCP in Beijing. After learning about the KWP’s inner-party struggle, Mao Zedong urgently summoned Choe Yong-geon, who had been dispatched to attend the Eighth Congress of the CCP in Kim’s place, for an interview. Mao censured the KWP’s purge of dissident cadres, especially those who had connections with the CCP. Several of them had already fled to China and reported their plight to the Chinese Defense Minister Peng Dehuai, who was commander-in-chief of the Chinese People’s Volunteers (CPV) during the Korean War. After consultation, the CCP and the CPSU sent Peng Dehuai and Soviet Vice Premier Anastas Mikoyan to Pyeongyang to intervene, forcing the KWP to revoke its resolution of the August 1956 Plenum of the KWP Central Committee.⁴⁵

By the second half of 1956, the Sino-Korean relationship had fallen into its lowest point since the end of the Korean War. Distrustful of the Chinese, the DPRK government sent a memorandum to the Chinese government in November, proposing to invite the United Nations to help with the unification of the Korean peninsula and the withdrawal of foreign troops. China

⁴⁴ RGANI, f. 5, op. 28, d. 410, pp. 309-14, 334-59, 315-33.

⁴⁵ Minute of Mao’s conversation with Yudin, 30 November 1956, authors’ personal collection; AVPRF, f. 5, op. 28, p. 103, d., 409, l. 139-63.

was opposed to the DPRK scheme, stating that the UN was a belligerent and thus disqualified from administering an impartial resolution of the Korean issue. This also violated the trilateral agreement on an impartial resolution of the Korean issue reached during the Geneva Conference of 1954 among the Soviet Union, China and North Korea. After consulting with Moscow, China replied on 8 December, stating that the UN was a *de facto* and *de jure* belligerent. Because the UN only recognized South Korea, it had no qualifications for mediating in the Korean issue. The Chinese government stated that “it is pre-mature for a comprehensive resolution of the Korean issue at present.” Thus, “it entails a long-term struggle” for an impartial resolution.⁴⁶ Mao further argued that North Korea’s action showed that it might separate from the socialist bloc and defect to the Western bloc. In his talk with Soviet ambassador Pavel Yudin on 30 November, Mao censured Kim, stating “Kim wants to drive the CPV army out of Korea. He might follow J. B. Tito’s road, or even Imre Nagy’s steps.” Mao said that China could take advantage of the CPV’s army in Korea “to help Kim Il Sung correct his mistakes.” China could also adopt the policy of noninterference, withdraw the CPV army from Korea and let North Korea determine its own affairs.⁴⁷

Despite Mao’s earlier sense of obligation to North Korea because of strained relations caused by China’s war-time actions, it would be impossible for North Korea to receive more aid from China at this juncture. When the North Korean leadership requested an additional 50 million yuan (USD 25 million) aid *gratis* in September 1956 after a period of silence, Beijing turned down Pyeongyang’s request. North Korea then cancelled Vice Premier Kim Il’s trip to China.⁴⁸ In negotiating Sino-North Korean trade in 1957, China also did not satisfy North

⁴⁶ “Work Report of 1956, the Soviet Embassy in China,” 18 April 1957, AVPRF, f. 5, op. 28, p. 103, d., 409, l. 139-63.

⁴⁷ Mao Zedong’s Conversation with Yudin, 30 November 1956, authors’ personal collection.

⁴⁸ RGANI, f. 5, op. 28, d. 410, pp. 315-33; RGANI, f. 5, op. 28, d. 486, pp. 1-17.

Korea's request for grain. The DPRK had asked China to provide 200,000 tons of grain, but China only committed 90,000 tons. After repeated negotiations, China eventually agreed to offer 150,000 tons.⁴⁹ On 28 November, Kim Il Sung complained to the Soviet ambassador to North Korea that:

Not long ago, Zhou Enlai called in ambassadors from the People's Democratic countries, and briefed them on China's domestic situation. He indicated that China could not provide new aid to other Socialist countries before the end of the second Five-Year Plan. Thus, the Korean government has to reconsider its 1957 plan and will have to reduce its construction fund and purchase less coke and gas from China.⁵⁰

Under such circumstances, North Korea again turned to Moscow, asking the Soviet Union to provide an additional 1,500 tons of cotton in 1957 and to subsidize 31 million rubles (USD 7.75 million) to resolve Korea's deficit. Kim emphasized that "[b]esides consolidating contact and friendship with the Soviet Union, Korea has no other political line."⁵¹ Meanwhile, it announced at the KWP meeting in December 1956 that funds for the Five-Year Plan would primarily be derived from domestic sources.⁵²

The Soviet Union, having weathered the crises in Eastern Europe, began to change its attitude toward economic aid to North Korea. In February 1957, the Communist Party of the Soviet Union (CPSU) Central Committee approved the 1957 Soviet-Korean trade agreement and an agreement on rendering commodities to North Korea *gratis*. In addition to providing large quantities of mechanical equipment, industrial materials and other goods, the Soviet Union decided to offer an additional 40,000 tons of wheat and agreed to import 100,000 tons of zinc, 35,000 tons of calcium carbide (which the Soviet Union did not need) and 500 tons of monazite from North Korea. The Soviet Union also agreed to Kim Il Sung's special request that it allow

⁴⁹ AVPRF, f. 5, op. 28, p. 103, d., 409, l. 139-63.

⁵⁰ RGANI, f. 5, op. 28, d. 411, pp. 287-88.

⁵¹ Ibid, pp. 287-313.

⁵² PRC Foreign Ministry Archives (PRCFMA), no. 106-01129-01, p. 21.

North Korea to use 50 million rubles (USD 12.5 million) in credits ahead of schedule. To satisfy the DPRK request for additional aid, the Soviet government agreed to import commodities from North Korea at a price higher than that on the world market.⁵³

The Five-Year Plan

In early 1957, the Sino-North Korean relationship was in a listless state. The newly appointed Soviet ambassador, A. M. Puzanov, reported on 10 April that North Korea would complete the stipulations of a Five-Year Plan in May or June and would like to receive feedback from the Soviet Union and China. Ambassador Qiao Xiaoguang responded promptly that China might not be able to offer any additional aid to North Korea.⁵⁴ When Kim Il Sung decided to send a delegation to learn from China's experience in formulating its own Five-Year Plan, China procrastinated in replying and later informed Pyeongyang that the visit could only be arranged in July. At this time, North Korean leaders complained to the Soviets that it was difficult to get along with the Chinese ambassador.⁵⁵

But Mao's attitude toward North Korea began to change in the second half of 1957. After Stalin's death in 1953, the personal charisma of the new Soviet leaders was not sufficient to entice and lead the international Communist movement. This was one reason why the CPSU's influence in the international Communist movement declined dramatically. The 20th CPSU Congress and the Polish-Hungarian Crises in October 1956 further weakened the leadership role of the CPSU. By contrast, the status of Mao and the CCP had improved dramatically. The influence of the CCP even began to expand from Asia into Europe. Mao believed that he was much more theoretically refined than the Soviet leader Nikita Khrushchev, and the CCP

⁵³ RGANI, f. 5, op. 30, d. 228, pp. 15-36.

⁵⁴ AVPRF, f. 0102, op. 13, p. 5, d. 1-15.

⁵⁵ Ibid, d. 44-113.

attempted to be the co-leader of the socialist camp.⁵⁶ It was imperative that China showed magnanimity toward the DPRK.

Kim Il Sung responded swiftly. In early July, while continuing to criticize and expose the “anti-party clique” in the KWP, Kim decided to free Pak Il-u and allowed him to leave for China. Kim said that the “Chinese comrades trust the Korean Workers’ Party, not the few dissidents.”⁵⁷ The DPRK soon planned to send a delegation to China to negotiate the first Five-Year Plan and bilateral trade. Despite improvements in bilateral relations between Pyeongyang and Beijing, Kim Il Sung’s hopes for securing more aid from China were not high. He had already received a disappointing response from Moscow. When the DPRK delegation visited Moscow to discuss the first Five-Year Plan in July, they asked for an extension of the 240 million rubles (USD 60 million) loan, which would mature in 1961 or 1962. Their request was rejected. The Soviet leaders abhorred the DPRK’s continuous requests for aid. At the CPSU Central Committee Presidium meeting, Mikoyan pointed out that the DPRK’s Five-Year Plan was unrealistic and not achievable. “We should tell them frankly that they should pay back the debt and interest.” Khrushchev also said that Kim Il Sung should clear off his debts. “Otherwise, we will not give him a new loan. Our principle is ‘to calculate the economic accounts.’”⁵⁸

Thus, the North Koreans did not place much hope on Chinese aid when a delegation was dispatched in September 1957. Kim Il Sung told the Soviet ambassador that Pyeongyang had asked too much from China in the past and should ask for less this time.⁵⁹ They hoped to have a low-key visit to China and not ask for aid directly. The North Koreans attempted to avoid public

⁵⁶ See Shen Zhihua, ed., *ZhongGuo guanxi shigang, 1917-1991* [An Outline of the History of Sino-Soviet Relations, 1917-1991] (Beijing: Xinhua Chubanshe, 2010), chapters 3, 4, and 6.

⁵⁷ AVPRF, f. 0102, op. 13, p. 5, d.146-64.

⁵⁸ RGANI, f. 3, op. 12, d. 1007, pp. 64-65.

⁵⁹ AVPRF, f. 0102, op. 13, p. 5, pp. 275-300.

activities and media reporting.⁶⁰ Contrary to expectations, however, the North Koreans again received a windfall in China. The DPRK economic delegation led by Kim Il visited China from 13 September to 6 October 1957. In general, China endorsed North Korea's Five-Year Plan. Through elaborating on China's experience, Chinese negotiators expressed concerns regarding the following areas: excessive growth rates, insufficient agriculture investment, accumulation and investment rates that were too high, and consumption levels that were too high. On trade, China would aid in resolving Korea's material difficulties on the basis of China's actual capabilities. China would try its best to satisfy the DPRK's need for several critical materials, including as coal, sulphur, and rubber. To help North Korea, China also exported 8,000 tons of calcium carbide, which China had much surplus of on its own. North Korea was very satisfied with the negotiation as it "basically resolved all major issues."⁶¹ In the actual implementation of the trade agreement, China made further concessions and adopted measures to increase bilateral trade. In 1957, the total volume of China's trade with the DPRK reached USD 56.01 million. The trade volume doubled to USD 115.84 million in 1959 and reached USD 120.37 million in 1960. China enjoyed a favorable balance of trade every year, which amounted to USD 62.29 million between 1957 and 1960. China eventually turned these deficits into a loan that it gave back to North Korea for free.⁶²

To further improve Sino-North Korean relations, Mao met with Kim Il Sung twice during the Moscow Conference in November 1957 and apologized to him for interfering in the internal affairs of the KWP in September 1956. He asked Kim to pardon those cadres who fled to China and arrange for them to return to North Korea. Kim told Mao that he no longer wanted these

⁶⁰ PRCFMA, no. 117-00665-03, pp. 10-11, 14-15, 20-24.

⁶¹ Li Fuchun's Report on Sino-North Korean Trade Negotiations, 30 September 1957 [**Document 5**]; Li Fuchun's Report on Sino-North Korean Trade Negotiations, 4 October 1957, State Planning Commission Archives [**Document 6**]; AVPRF, f. 0102, op. 13, p. 5, d.257-307, 255-56.

⁶² Shen, ed., *Dangdai Zhongguo de duiwai maoyi*, vol.1, 301; vol.2, 371.

people back. Mao promised that China would never use these people to oppose Kim. To alleviate Kim's fear of disturbances in the future, Mao also took the initiative to propose the withdrawal of all Chinese troops from Korea and indicated his interest in personally visiting North Korea. Kim later told the Soviet ambassador that Mao's talk was "very cordial, friendly and candid. We are very satisfied."⁶³ Nobuo Shimotomai noted that Mao "sacrificed Peng Dehuai by blaming him and his personal intervention for messing up the internal affairs of the KWP in August and September 1956. Mao no longer had leverage to engage in DPRK affairs."⁶⁴ This may not be correct: Peng Dehuai was purged in the summer of 1959, and Chinese sources show that Mao only started to blame Peng for "big power chauvinism" toward North Korea afterwards.⁶⁵

After the August Crisis of 1956, China and North Korea began to differ over how to resolve the Korean issue, namely, the withdrawal of U.S. troops from South Korea and the reunification of the Korean peninsula. Pyeongyang apparently no longer wanted Beijing's involvement in this issue, and Mao had to consider whether the CPV army should continue to be stationed in Korea. Mao discussed this issue with Mikoyan in September and Yudin on 30 November 1956.⁶⁶ For China, it was an awkward predicament.

During his visit to the Soviet Union in early 1957, Zhou Enlai and the Soviet leader Nikita Khrushchev discussed the issue of the withdrawal of Chinese People's Volunteers from

⁶³ Russian Academy of Sciences Archives (APAH), f. 1636, op. 1, p. 199, d.1-6; AVPRF, f. 0102, op. 13, p. 5. In early 1958, the 15 high-ranking North Korean cadres who fled to China after the August Incident of 1956 were transferred from Beijing and Shenyang to inland provinces Sichuan (4 people) and Shanxi (11 people). They were treated as "Anti-Korean Workers' Party factionalists" and were under strict surveillance. Some were even put into prison. Their cases were redressed in 1981. See Sichuan Provincial Archives, Jianchuan 1-7-617, pp. 1-10; Jianchuan 1-7-813, pp. 7-20; Shanxi Provincial Archives, C54-2009-66-3; C54-1011-39-8; C59-1-83-14; Shen Zhihua's Interviews with Kim Jung Sik on 19 February 2011, and Kim Gang, the KWP's head of propaganda department on 16 February 2010.

⁶⁴ Nobuo, "Kim Il-Sung's Balancing Act between Moscow and Beijing," 128.

⁶⁵ Mao started to blame Peng Dehuai for Sino-North Korean tension in May 1960 during Kim Il Sung's visit to Beijing. See minutes of Mao Zedong's conversation with Kim Il Sung, 21 May 1960.

⁶⁶ "Minutes of Mao Zedong's Conversation with the CPSU Central Committee Delegation," 18 September 1956; "Minutes of Mao's Conversation with Yudin," 30 November 1956.

North Korea. Khrushchev agreed to the withdrawal.⁶⁷ The CCP Central Committee's proposal to withdraw Chinese forces from Korea in early 1957 also had much to do with the international censure Moscow incurred after its suppression of the October 1956 Hungarian Revolution. Beijing wanted to avoid Moscow's mistakes and use China's withdrawal from North Korea to urge the Soviet withdrawal from the German Democratic Republic.⁶⁸ In his conversation with Khrushchev on 9 January 1957, Zhou Enlai raised the issue of Soviet withdrawal from East Germany. Khrushchev indicated that the Soviet withdrawal from East Germany depended on the timing and circumstances.⁶⁹

According to internal reporting of the Xinhua News Agency, the CPV army's relations with the North Korean government and people were very tense. Some CPV officers and soldiers behaved rather roughly toward North Korean officials and ordinary people. There were many cases of illegal detention of Korean officials and ordinary people by the CPV authority and raping Korean women by the CPV officers and soldiers. The North Korean government and people gradually came to view the CPV army as an occupation force, violating North Korean sovereignty and thus unwelcomed.⁷⁰ This was another reason for Mao's decision to withdraw the Chinese forces from North Korea.

But Mao waited to withdraw the CPV until he found it necessary to improve relations with North Korea. At the Moscow Conference in 1957, Mao told Kim Il Sung that he would withdraw all Chinese forces from Korea. At first, Kim was taken aback, but thanked Mao for his

⁶⁷ *Zhou Enlai nianpu, 1949-1976*, vol. 2, 6.

⁶⁸ For the pressure and predicament of the Soviet Union after its suppression of the Hungarian revolution, see Zhihua Shen and Yafeng Xia, "New Evidence for China's Role in the Hungarian Crisis of October 1956: A Note," *The International History Review* 31, no. 3 (September 2009): 558-75; idem, "'Whirlwind' of China: Zhou Enlai's Shuttle Diplomacy in 1957 and Its Effect," *Cold War History* 10, no. 4 (November 2010): 513-35.

⁶⁹ *Zhou Enlai nianpu, 1949-1976*, vol. 2, 6.

⁷⁰ "Several Issues in the CPV army's relations with North Korean party, government, army and people since the armistice," *Neibu cankao* (Internal Reference), 8 December 1956, no. 2073, 158-63; "Problems in the CPV army's relations with the Korean People," *Neibu cankao*, 22 January 1957, no. 2111, 427-29.

decision to withdraw Chinese forces in their second meeting, stating that this would put pressure on the United States to follow suit in South Korea. China and North Korea soon reached an agreement that the North Korean government would first issue a statement demanding that all foreign forces withdraw from the Korean peninsula and China would then withdraw its troops unilaterally.⁷¹ As a result, all Chinese troops had left North Korea by the end of 1958.

Under such circumstances, China and North Korea entered 1958 hand in hand. During 1958, China began its Great Leap Forward in economic development and the People's Commune Movement.⁷² The DPRK simultaneously launched the *Chollima* movement. On 11 June, Kim Il Sung asserted that "all of the workers are, upon the call of the Party, riding a flying horse [Chollima] running forward to socialism."⁷³ Before the departure of a Korean Government delegation to China led by Ri Ju-yeon on 3 August, Kim instructed that they "[l]earn and study the Chinese experiences carefully and bring them back to Korea." While in China, the delegation visited more than 100 enterprises and work units. They were very much impressed and believed that "China's Great Leap Forward not only determines China's fate but the future of the world as well." Korean newspapers proposed the slogan, "Steel and machine are the king of industry." Like China, North Korea launched an all public hygiene campaign to eliminate the four pests (including mice, sparrows, flies and mosquitoes) and Schistosomiasis. North Korea also started a small-scale steelmaking project. In rural areas, the DPRK carried out the policy of merging cooperatives and operating mess halls. To learn from China's practice of "every citizen a soldier," the DPRK established Red Guard units in cities, factories and mines, and rural areas. Kim Il

⁷¹ Minutes of Conversation between Zhou Enlai and Soviet Ambassador Yudin, 8 January 1958, PRCFMA, no. 109-00828-01, pp. 4-7 [**Document 7**]; Chinese Embassy in the Soviet Union to Foreign Ministry, 16 January 1958, PRCFMA, no. 109-01813-01, pp. 1-2; Memorandum of Conversation between Mao and Yudin, 28 February 1958; AVPRF, f. 0100, op. 51, p. 432, d. 6, l. 86-96.

⁷² Lin Yunhui, *Wutuobang yundong: Cong dayuejin dao dajihuang, 1958-1961* [Utopian Movement: From the Great Leap Forward to Great Famine, 1958-1961] (Xianggang: Xianggang Zhongwen Daxue Chubanshe, 2008), chapters 1, 2, and 3.

⁷³ Scalapino and Lee, *Communism in Korea: The Movement*, 540.

Sung called all people “to continue to work very hard for one to two years... Communist society is not far away... we can achieve it in four or five years.”⁷⁴ The Great Leap Forward appeared to have deeply influenced Kim and his supporters. In the fall of 1958, Kim even began to talk about Korea catching up with Japan in industrial production in the same fashion that Mao was talking about China overtaking Great Britain.⁷⁵

China greatly increased its aid to the DPRK as the Sino-North Korean relationship became much more cordial. During his visit to North Korea in February 1958, Zhou Enlai promised to supply Pyeongyang with 10,000 tons of cotton annually and inquired about the amount of coke the DPRK needed. Zhou proposed that the Chinese People’s Volunteers help the Korean People’s Army build fortifications and jointly build the Unbong (Yunfeng) hydroelectric power station. Kim Il Sung said that, based on Japanese studies, it was possible to build three hydroelectric power stations on the Yalu River. After returning to China, Zhou instructed the Foreign Ministry to carry out these plans.⁷⁶ Zhou’s attitude encouraged Pyeongyang. In early June, the DPRK asked China to build a textile factory and two paper bag mills. China soon agreed to Pyeongyang’s new requests.⁷⁷

On 3 August 1958, a Korean government delegation arrived in Beijing to negotiate with China on the provision of industrial equipment and the signing of a long-term trade agreement. According to the 1959-1962 trade agreement, China would supply North Korea with coal, cotton, tires, cotton yarn, compressed steel, ferromanganese, sulphur, paraffin wax, and gypsum. The negotiations touched on much wider substantive areas; however, as a *Renmin Ribao* [People’s

⁷⁴ PRCFMA, no. 106-01129-04, pp. 44-63; no. 204-00315-03, pp. 42-51; no. 204-00315-04, pp. 53-55 [**Document 9**]; no. 106-01131-01, pp. 2-17; Minutes of Conversation between Zhou Enlai and Kim Il Sung, 22 November 1958, no. 204-00064-02, pp. 1-18 [**Document 10**]; Shanghai Municipal Archives, A 52-2-945, pp. 64-66. *Renmin Ribao*, 11 October 1958, 5; 9 December, 5; 20 May 1959, 5. *Neibu cankao*, no. 2719 (3 March 1959), 19-20.

⁷⁵ Scalapino and Lee, *Communism in Korea: The Movement*, 541.

⁷⁶ AVPRF, f. 0102, op. 14, p. 6, d.30-60; PRCFMA, no. 203-00111-04, pp. 84-86.

⁷⁷ PRCFMA, no. 204-00614-02, pp. 36-38.

Daily] article indicated, “The Sino-North Korean economic relationship[had] entered a period of long term cooperation.”⁷⁸

During the period of the Three-Year Plan, China supplied mainly consumer goods to North Korea. In the Five-Year Period, by contrast, China also provided industrial equipment and materials.⁷⁹ On 18 October 1958, China and North Korea further expanded economic cooperation, signing an agreement to establish a science and technology commission which included the exchange of blueprints, reference materials, samples, specialists, trainees, and technical appraisals.⁸⁰ On 26 October, the CCP Central Committee approved Foreign Minister Chen Yi and State Planning Commission Chairman Li Fuchun’s report on strengthening foreign economic and aid work. The report proposed that the Ministry of Commerce should give priority to supplying those goods and the Ministry of Transportation should make it a priority in the transportation of these goods. All of the foreign aid projects should be listed as priority projects by the concerned units and provincial and municipal governments.⁸¹ Kim Il Sung told the Chinese that he was very grateful.⁸²

On 22 November 1958, Kim Il Sung visited China following a five-year hiatus and received a very warm welcome. At the time of Kim’s visit, a *Renmin Ribao* editorial described Sino-DPRK relations as being “as close as lips to teeth, sharing safety and danger, brotherly affection, and being bound by a common cause.”⁸³ During their conversation, Mao told Kim that “we [China] affirm the correct line of the Korean Workers’ Party. Our policy has three respects to it: to respect the Korean nation, to respect the Korean [Workers’] Party, and to respect the

⁷⁸ Reference Materials for the Sino-Korean Negotiations on Supplying Equipment and Constructing Power Plants, 5 August 1958, PRCFMA, no. 204-00315-04, pp. 57-67, 69-71 [**Document 9**]; AVPRF, f. 0102, op. 14, p. 3; *Renmin Ribao*, 28 September 1958, 1, 3.

⁷⁹ See Nam, *China and Soviet Assistance to North Korea and the Status of Trade*, 11.

⁸⁰ Shanghai Municipal Archives, B 163-2-666, pp. 1-9.

⁸¹ *Ibid*, B 134-1-11, pp. 1-4.

⁸² PRCFMA, no. 204-00064-01, pp. 1-8; no. 204-00064-02, pp. 9-25 [**Document 10**].

⁸³ *Renmin Ribao*, 23 November 1958, 1.

Korean leaders.” Kim was very pleased and said that “the Sino-Korean relationship is exceptional. Many Korean cadres visited China and were grown under the guidance of the CCP.” Both sides expressed their mutual hope to enhance exchange visits and to enter Communist society hand-in-hand in a few years. When discussing economic issues, Kim said that Korea was short of raw materials, especially cotton and coke. Mao replied immediately that China would supply as much cotton as the DPRK needed. Zhou Enlai added that China would also provide one million tons of coke for which Pyeongyang had asked.⁸⁴ In addition, Kim noted that one of the obstacles for North Korea in achieving its Five-Year Plan was a shortage of labor. During his visit to China, Kim asked if the Chinese government could transfer some Korean nationals in China’s Northeast to the DPRK. The Chinese government responded favorably and agreed to send back 40,000 Korean nationals to North Korea before March 1959 so that they could participate in spring plowing. To help enhance the DPRK’s labor force, the Chinese embassy in Pyeongyang also surveyed 13,000 Chinese nationals in the DPRK and asked if they were interested in becoming North Korean citizens.⁸⁵

North Korea’s leaders and media spoke highly of Kim’s visit, stating that it elevated the Sino-North Korean relationship to a yet higher level.⁸⁶ Incidentally, it also consolidated and strengthened Kim’s indisputable leadership position at the First Party Conference in March 1958. At the conference, Kim Du-bong [Kim Tu Bong], chairman of the presidium of the Supreme People’s Assembly and nominal head of state of the DPRK, was purged.⁸⁷ Balázs Szalontai noted that “his downfall indicated that Kim Il Sung no longer felt constrained by the potential

⁸⁴ Minutes of Mao Zedong’s Conversation with North Korean government delegation, 25 November and 6 December 1958.

⁸⁵ A. M. Puzanov’s diary entries from 21 January to 24 March 1959, AVPRF, f. 0102, op. 14, p. 6, d.26-64.

⁸⁶ AVPRF, f. 0102, op. 14, p. 6, d.1-25

⁸⁷ For Kim Il Sung’s purge in 1958, see Shen Zhihua, “Alliance of ‘Tooth and Lips’ or Marriage of Convenience?—The Origins and Development of the Sino-North Korean Alliance, 1946-1958,” *Working Paper Series* 08-09 (The U.S.-Korea Institute at SAIS, December 2008).

disapproval of Beijing and Moscow.”⁸⁸ Indeed, by the time the Chinese People’s Volunteers had left North Korea in October 1958, there was no group capable of challenging Kim and his partisans. As Robert Scalapino and Chong-Sik Lee wrote, “the central trend of the period was the enhancement of Kim, the Leader, to a point beyond the reach of mortal man. The cult of Stalin in its most excessive phases was now equaled.”⁸⁹

Meanwhile, North Korea also asked the Soviet Union for more assistance, especially with the equipment and materials China was not able to provide. When Pyeongyang asked Moscow for 5,000-ton capacity punch presses, 1,300-1,400 tons of stainless steel, and parts and materials for manufacturing heavy-duty trucks, the Soviet ambassador felt awkward, indicating that the Soviet Union could only supply one-tenth of the stainless steel for which Pyeongyang had asked. Kim Il Sung had to write to Khrushchev personally asking for help. Kim’s letter thanked “the Soviet government for having spared no effort to satisfy Korea’s needs.” Kim pointed out that those products, which includes machines, equipment, materials, stainless steel, tractors, bulldozers, excavators, and motor vehicles, were important for the national economic development of the DPRK.⁹⁰ In order to receive more aid from the Soviet Union, the DPRK’s political attitude toward the Soviet Union changed as well. At the 21st Congress of the CPSU, Khrushchev implicitly criticized China’s economic policy.⁹¹ Kim, who was present at the meeting, said that Khrushchev’s report was profound and that “we find answers in Khrushchev’s report regarding how best and most efficiently to construct socialism and communism in our country.” In his remarks to the conference, Kim stated emphatically that the DPRK had always

⁸⁸ Szalontai, *Kim Il sung in the Khrushchev Era*, 120. See also Lankov, *Crisis in North Korea*, 165-69.

⁸⁹ In March 1958, the First Conference of the KWP Representatives reinforced the decisions of the August 1956 plenum and eliminated Kim’s major Soviet- and China-aligned rivals once and for all. See Scalapino and Lee, *Communism in Korea: The Movement*, 522-25. Also see Dae-Sook Suh, *Kim Il Sung: The North Korean Leader* (New York: Columbia University Press, 1988), 154; Adrian Buzo, *The Guerilla Dynasty: Politics and Leadership in North Korea* (London & New York: I. B. Tauris Publishers, 1999), 58.

⁹⁰ AVPRF, f. 0102, op. 14, p. 6; AVPRF, f. 0102, op. 14, p. 3.

⁹¹ *Renmin Ribao*, 1 February 1959, 5-8.

learned “from the rich experience of Soviet collectivization.”⁹² During a conversation with Khrushchev, Kim even accepted the Soviet leaders’ criticism of North Korea’s economic policies. Khrushchev agreed to offer the DPRK more aid.⁹³ On 17 March, the Soviet Union and the DPRK signed a new economic cooperation agreement. According to the agreement, the Soviet Union would provide North Korea with industrial equipment and technical aid worth 500 million rubles (USD 125 million), assisting North Korea in building a power plant, a chemical factory, flax mills, and woolen mills and in expanding the Kim Chaek Iron and Steel Complex and silk mills in Pyeongyang.⁹⁴

Because of intensive domestic mobilization and massive foreign aid, North Korea was able to achieve a breakthrough in economic development. According to the Korean Central Statistics Bureau, the value of total industrial output increased 40 percent more in 1958 over 1957. Industrial output was twice that of 1956 and four times that of 1949. Grain output value reached 3.7 million tons, which was 12 percent more than planned. Basic construction investment was 34.1 billion won, which was an increase of 26 percent over the previous year. The value of total industrial output in the first season of 1959 increased 75 percent more than it had during the same period in 1958 and 7 percent more than during the fourth quarter of 1958. On 8 May 1958, the KWP Standing Committee announced that the Five-Year Plan would be completed on 18 August 1959, two years ahead of schedule.⁹⁵ Clearly rejoicing, the North Korean leaders announced that the DPRK’s per capita industrial and grain output would soon surpass socialist Czechoslovakia and capitalist Japan.⁹⁶

⁹² AVPRF, f. 0102, op. 14, p. 6, l. 26-64; *Pravda*, 30 January 1959, 8.

⁹³ AVPRF, f. 0102, op. 14, p. 6, l. 26-64; Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry, 16 December 1959, in *CWIHP Bulletin* 14/15: 112-114.

⁹⁴ *Renmin Ribao*, 19 March 1959, 4.

⁹⁵ *Renmin Ribao*, 17 January 1959, 4; 26 March, 4; 9 May, 4.

⁹⁶ *Ji Richeng wenxuan*, 178; Balázs Szalontai, “The International Context of North Korean Nuclear Program, 1953-1988,” in *CWIHP Working Paper* 53: 4; *Renmin Ribao*, 22 February 1959, 3.

Nonetheless, much like during the Three-Year Plan period, the Five-Year Plan period also generated several problems in the North Korean economy. According to Soviet and Hungarian reports, serious problems existed in North Korea's economy during the high-speed development period from 1957 to 1959. These included major imbalances among various industrial sectors, particular that electricity and fuel production lagged behind other sectors. The inferior quality of industrial products and overpopulation in the cities were also cited as problems by Soviet and Hungarian officials.⁹⁷ In order to complete the Five-Year Plan ahead of time, North Korea paid a huge price. As one study suggested, "the North Koreans in 1958 lived close to a marginal subsistence level." Nonetheless, growth during the reconstruction period (1954-1959) was extremely high—36 percent per annum.⁹⁸

The Buffer Year

North Korean leaders were aware of these problems. Before a formal announcement of the completion of the Five-Year Plan in May 1959, Kim Il Sung designated 1960 as a "buffer year" in North Korea's economic development without much explanation.⁹⁹ The bulletin of the KWP Standing Committee in mid-August indicated that 1960 was a "buffer year" for adjusting and rectifying the economic system. It was a year for the preparation of the second Five-Year Plan (later changed to a Seven-Year Plan).¹⁰⁰ North Korea thus began to look for more aid from its socialist allies. In June 1959, North Korea requested an urgent supply of 30,000 tons of wheat from the Soviet Union and a five-year extension of a 123 million ruble (USD 30.75 million) loan which would mature in 1960. Khrushchev approved the DPRK request. In February 1960, Pyongyang asked for another 50,000 tons of wheat from the Soviet Union to which it agreed

⁹⁷ RGANI f. 5, op. 30, d. 337, pp. 70-92; Szalontai, "'You Have No Political Line of Your Own,'" 93-95. AVPRF, f. 0102, op. 16, p. 6, l. 28-61.

⁹⁸ Scalapino and Lee, *Communism in Korea: The Movement*, 543.

⁹⁹ AVPRF, f. 0102, op. 14, p. 6, l. 78-116.

¹⁰⁰ *Renmin Ribao*, 31 August 1959, 5.

again.¹⁰¹ On 2 May, however, when Kim Il Sung asked Soviet Ambassador A. Puzanov for additional aid, the Kremlin finally balked.¹⁰²

As Sino-Soviet relations began to deteriorate in the late 1950s, both China and the Soviet Union competed for leadership in the Socialist bloc.¹⁰³ Kim Il Sung was adept at maintaining a delicate balance between Beijing and Moscow, extracting considerable economic assistance from both countries. Kim was extremely resentful when the Soviet Union rejected his wish to visit the USSR and postponed Khrushchev's long-planned trip to North Korea. The Soviet Union was concerned that these exchanges might undermine Khrushchev's scheduled visit to the United States in September 1959.¹⁰⁴ During his secret visit to Beijing in May 1960, Kim Il Sung supported China's political line in the Sino-Soviet debate. Kim told Mao that the CCP's theoretical article, "Long Live Leninism—In Commemoration of Lenin's 90th Birth," which was published on 16 April, was very good and resolved many theoretical issues. The article challenged Khrushchev and Soviet leaders on the main issues of the era: peaceful coexistence, socialist revolution, and the nature of imperialism. Kim said as early as 1955 that the DPRK rejected Khrushchev's suggestion to not oppose the U.S. imperialists.¹⁰⁵

The Soviet Union was aware of these new developments in Sino-North Korean relations. As a result, only two weeks later Kim was invited to visit Moscow secretly. While in Moscow from 13 to 18 June, Frol Kozlov, secretary of the CPSU, and Anastas Mikoyan, vice premier, leaked to Kim the details of the 1956 Sino-Soviet joint intervention in the August incident of the KWP. Khrushchev ordered Mikoyan to give Kim the minutes of Mao Zedong's conversation with Soviet Ambassador Yudin on 30 November 1956. In that conversation Mao had said that

¹⁰¹ AVPRF, f. 0102, op. 14, p. 6, l. 117-44, 154-85; AVPRF, f. 0102, op. 16, p. 6, l. 28-61, 72-122.

¹⁰² AVPRF, f. 0102, op. 16, p. 6, l. 184-87; RGANI f. 5, op. 30, d. 337, pp. 70-92.

¹⁰³ Shen, *ZhongSu guanxi shigang*, 222-36, 253-95; Danhui Li and Yafeng Xia, "Competing for Leadership: Split or Détente in the Sino-Soviet Bloc," *The International History Review* 30, no. 3 (September 2008): 545-74.

¹⁰⁴ AVPRF, f. 0102, op. 14, p. 6, l. 186-216; Balazs, "You Have No Political Line of Your Own," 94.

¹⁰⁵ Minutes of Mao Zedong's Conversation with Kim Il Sung, 21 May 1960; Shen, *ZhongSu guanxi shigang*, 261-62.

Kim might betray the revolution and degenerate into traitor like Josip Tito or Imre Nagy. The Soviet leaders shifted all the blame of the Sino-Soviet intervention into the KWP's internal politics to the Chinese side.¹⁰⁶ Kim was enraged and declared that the KWP would always stand by the CPSU on major policy issues. After returning to Pyeongyang, Kim severely criticized Mao at the July Plenum of the KWP. Kim said that China's policy aimed at "turning Korea into a Chinese colony. He would never trust the Chinese or visit China again."¹⁰⁷ Moscow rewarded Kim by sending a confirmation letter in July 1960 that the Soviet Union would continue the flow of wheat, cotton and loans to North Korea. Khrushchev also promised to visit North Korea in September. When the DPRK delegation arrived in Moscow in August, North Korea and the Soviet Union signed an agreement in which the Soviet Union would relieve Pyeongyang of paying back 760 million rubles (USD 190 million) in military loans and allow a moratorium on 140 million rubles (USD 35 million) of economic loans.¹⁰⁸

Beijing watched these developments closely. The Chinese embassy in North Korea reported that the DPRK leaders' speeches and media reports recently "highlighted the Soviet Union and put down China... [They] only mentioned China's achievements in domestic construction without touching on China's foreign policies and international role." They even proposed the slogan of "thoroughly opposing dogmatism."¹⁰⁹ To win over the DPRK, China had to do more. A North Korean economic delegation was invited to visit China in October 1960. On 10 September, the Foreign Ministry issued a propaganda notice, requesting that *Renmin Ribao* and the Hong Kong based pro-Communist Chinese newspaper *Ta Kung Pao* publish welcome editorials. During North Korea's visit to China, the Foreign Ministry demanded that all

¹⁰⁶ AVPRF, f. 0102, op. 16, p. 85, l. 5-19.

¹⁰⁷ AVPRF, f. 0102, op. 16, p. 7, l. 1-15. See also "GDR Ambassador to Pyongyang K.Schneidewind to SED Central Committee, 30 August 1960," NKIDP Archives.

¹⁰⁸ AVPRF, f. 0102, op. 16, p. 7, l. 16-42, 72-101.

¹⁰⁹ PRCFMA, no. 109-02090-01, pp. 3-7, 13-18.

newspapers publish more articles, news and photos of North Korea's economic achievements.¹¹⁰

On 17 September, the Chinese embassy in the Soviet Union reported that the Soviet Union had cancelled North Korea's military debts. This further upset the Chinese leaders. After negotiating for over one-month, China and North Korea signed a loan agreement, providing complete sets of equipment as well as technical aid.¹¹¹ On 5 October, in his conversation with Ri Ju-yeon, Zhou Enlai said that Albania, Cuba, Guinea, and Algeria had all asked China for aid in 1960. While China's economy was suffering immensely as a result of the recall of Soviet experts and China "might run into debt" with other countries, Zhou guaranteed China's aid to the DPRK. Zhou also told the North Koreans that they could postpone paying back Chinese loans when they matured, remarking that it was all right to put them off for another ten to twenty years, or even to posterity.¹¹² After more than one month of negotiations, China and North Korea signed economic aid agreements. The Chinese government would provide 420 million rubles (USD 105 million) in long-term loans to North Korea from 1961 to 1964. According to South Korean sources, this "raised the total of Chinese economic aid to the DPRK since the end of the Korean War slightly above the level of that granted by the Soviet Union."¹¹³ China would help North Korea in building rubber tire plants, wireless communication equipment industrial units and factories for manufacturing daily necessities.¹¹⁴ To implement the agreement, China and North Korea signed a protocol on science and technology cooperation on 18 October. China's Ministry of Light Industry would arrange for the instruction of 76 trainees in China and for sending 45-48 Chinese

¹¹⁰ PRCFMA, no. 204-00492-06, pp. 61-62.

¹¹¹ *Renmin Ribao*, 14 October 1960, 1.

¹¹² *Zhou Enlai nianpu, 1949-1976*, vol. 2, 355-56.

¹¹³ "Intelligence Report, No. 8370, October 28, 1960," in National Institute of Korean History ed., *Office of Intelligence Research (OIR) Report on the Korean Problems*, vol. 5 (Seoul: NIKH, 2003), 455-56, cited from Lee Dong-Jun, "The Politics of Lips and Teeth: Reexamining the 1961 Sino-North Korean Alliance Treaty from the Chinese Perspective," *The Korean Journal of Security Affairs* 16, no. 2 (December 2011): 93.

¹¹⁴ *Renmin Ribao*, 14 October 1960, 1.

experts to North Korea.¹¹⁵ Although 1960 was a year of terrible famine in China, the PRC furnished the DPRK with an additional 230 thousand tons of grain.¹¹⁶ North Korea tided over the “buffer year” unscathed, which laid a good foundation for future economic development.

China’s aid to North Korea and Kim’s leaning toward Beijing prompted the Soviet Union to also sign a long-term aid and trade agreement with the DPRK. When the North Korean delegation travelled to Moscow in September to negotiate the trade agreement, they made little headway. According to the report from the commercial office of the Chinese embassy in Moscow, North Korea was unwilling to balance its unfavorable balance of trade by taking a loan and the Soviet Union did not agree to North Korea’s request to reduce the export of raw materials and to increase the import of machines. North Korea wanted to sign a seven-year trade agreement, but the Soviet Union was only in favor of a five-year agreement.¹¹⁷ At this juncture, “a widening gap between Moscow and Pyeongyang was soon revealed when Moscow pushed North Korea to adopt a ‘peaceful coexistence’ strategy with the South Koreans.”¹¹⁸ Kim Il Sung felt snubbed as Khrushchev again cancelled his trip to Pyeongyang on 8 October 1960. Kim came to realize that Khrushchev valued Soviet relations with the United States more than with North Korea, and, to retaliate against Moscow, Kim did not go to Moscow to commemorate the 43rd anniversary of the October Revolution on the excuse of “health reasons.” He did not even visit the Soviet embassy in Pyeongyang for the occasion. But the Soviet embassy reported that he attended all activities when a Chinese military delegation, headed by vice premier He Long, visited Pyeongyang in October on the tenth anniversary of Chinese intervention during the Korean War.¹¹⁹ To prevent Pyeongyang from drifting further towards Beijing, Moscow signed

¹¹⁵ *Renmin Ribao*, 19 October 1960, 4; Shanghai Municipal Archives, B 163-2-1033, pp. 2-8.

¹¹⁶ Lin, *Wutuobang yundong*, chapter 8; Shen, *Dangdai Zhongguo de duiwai maoyi*, vol.1, 301.

¹¹⁷ PRCFMA, no. 109-02090-02, pp. 36-37.

¹¹⁸ Nobuo, “Kim Il-Sung’s Balancing Act between Moscow and Beijing,” 133.

¹¹⁹ *Ibid.*, p. 133-34; AVPRF, f. 0102, op. 16, p. 7, l. 151-71.

the 1961-1967 Soviet technical aid agreement and the 1961-1965 Soviet long-term loan agreement with Pyeongyang on 24 December 1960.¹²⁰ According to the agreement, the Soviet Union would help expand the Kim Chaek Iron and Steel Complex in Hamheung with an annual productivity of 2.8 million tons of steel and 2.3 million tons of steel products, build a 600,000 kilowatt thermal power plant in Deokcheon [Tokchon], build a 400,000 kilowatt thermal power station in Pyeongyang, build an oil refinery with a capacity to treat 2 million tons of crude oil, and supply the required amount of crude oil. The Soviet Union would also help to build film studios as well as flax and woolen mills. According to the trade agreement, the Soviet Union would provide North Korea with machines, equipment, cotton, petroleum products and other goods. The amount of bilateral trade would increase 80 percent over five years.¹²¹

To fulfill his promise of concluding a friendship treaty with North Korea, Khrushchev sent Aleksei Kosygin, the first vice chairman of the Council of Ministers to visit North Korea in his stead in May 1961. This moved Soviet-North Korean relations to a higher level.¹²² While in North Korea, Kosygin invited Kim to visit Moscow to conclude the treaty of alliance. According to Vadim P. Tkachenko, “the Soviet-North Korean treaty was a long-standing desire for the DPRK. Between 1958 and 1961, Kim Il Sung’s three visits to Moscow always preceded his visit to Beijing. Apparently this was motivated by Kim’s calculated behavior to invite Khrushchev to Pyeongyang and win the alliance treaty from the Soviet Union.”¹²³ Kim accepted the invitation to visit the Soviet Union from 29 June to 12 July. He concluded the “Soviet-North Korean Treaty

¹²⁰ PRCFMA, no. 109-02090-02, pp. 40-41; *Renmin Ribao*, 28 December 1960, 5.

¹²¹ *Ibid.*

¹²² Letter, Chinese embassy in North Korea to the Foreign Ministry and International Liaison Department, 10 June 1961, PRCFMA, no. 106-00580-01, pp. 2-5; *Renmin Ribao*, 8 June 1961, 6. Earlier on 14 September 1960, Kim Il Sung told the Soviet ambassador that he expected to sign a treaty of friendship, cooperation and mutual assistance with the Soviet Union during Khrushchev’s visit to Korea. The Korean side “has no objection to the draft treaty.” See Puzanov’s diary entries from 12-30 September 1960, AVPRF, f. 0102, op. 16, p. 7, d.102-29.

¹²³ Vadim P. Tkachenko, *Koreiskii Poluostrov i Inrerensy Rossii* (The Korean Peninsula and the Interest of Russia) (Moscow: Vostochnaia Literature, 2000), 16-18, cited from Lee, “The Politics of Lips and Teeth,” 94.

of Friendship, Cooperation and Mutual Assistance” on 6 July. After visiting Kiev on 10 July, Kim flew directly to Beijing.¹²⁴

When North Korea announced on 24 June 1961 that Kim Il Sung would lead a party and government delegation to visit the Soviet Union, North Korea’s foreign minister, Pak Seong-cheol [Pak Song Chol], met with Chinese ambassador Qiao Xiaoguang on the 26 June, briefing him on the forthcoming Korean-Soviet friendship treaty. The Soviet-Korean treaty was first negotiated in 1959, but had been delayed because of Khrushchev’s postponed visit. Qiao further elaborated on the importance of a Sino-Korean treaty. China previously had planned to sign a treaty with North Korea. On 21 March 1960 Mao Zedong added his instructions to a Foreign Ministry telegram to the Chinese ambassador to Mongolia, Xie Pusheng, regarding the signing of a Sino-Mongolian Treaty of Friendship and Cooperation”: “If [North] Korea and Vietnam want to conclude alliance treaties, including an article on Chinese military aid, I think that we should agree.”¹²⁵ In early June, the Chinese Foreign Ministry instructed its ambassadors to the DPRK and Vietnam that, “if they voluntarily mention this issue, take a chance and say that if the DPRK (and Vietnam) want to sign a treaty, we also highly approve of it and immediately prepare to exchange opinions on it.”¹²⁶

On 28 June 1961, one day prior to his departure for the Soviet Union, Kim Il Sung met with Qiao Xiaoguang, proposing to go to Beijing directly to sign the treaty after his visit to the Soviet Union. On the following day, the Chinese notified the North Koreans that Kim would be welcomed to visit China on 10 July after his trip to the Soviet Union and that the two parties

¹²⁴ Nobuo, “Kim Il-Sung’s Balancing Act between Moscow and Beijing,” 134-35.

¹²⁵ Zhongyang Wenxian Yanjiushi, ed., *Jiangguo yilai Mao Zedong wengao* [Mao Zedong’s Manuscript since the Founding of the PRC], vol. 9 (Beijing: Zhongyang Wenxian Chubanshe, 1994), 88.

¹²⁶ “The Issue of Signing the Friendship and Cooperation Treaty with Mongolian, 3.11-6.3,” PRCFMA, No. 106-01359-03.

could sign the Sino-North Korean Treaty of Friendship, Cooperation, and Mutual Assistance.¹²⁷

Soon afterwards, the Korean side handed to the Chinese a draft of the Soviet-North Korean Treaty, suggesting that the Chinese side review the Sino-North Korean Treaty and communiqué for further discussion.¹²⁸ Taking the Soviet-North Korean Treaty as a model, the Chinese side drafted the Sino-North Korean Treaty, which stipulated comprehensive cooperation and mutual assistance in political, military, economic and cultural spheres. “The most salient feature of the Sino-North Korean treaty is the emphasis on the nature of the military alliance.”¹²⁹ Whereas the Soviet-North Korean treaty was to go into effect only when either country was actually attacked, the Sino-North Korean Treaty defined the bilateral relations as an alliance. In addition, while the Sino-North Korean Treaty was effective for an indefinite period, the Soviet-Korean treaty was effective for only ten years. Thus, the Sino-North Korean treaty was stronger in security guarantees than the Soviet-North Korean treaty.¹³⁰ North Korea agreed fully with the Chinese draft.¹³¹

Kim Il Sung visited China from 10 to 15 July, where he was accorded a grand reception. The “Sino-North Korean Treaty of Friendship, Cooperation and Mutual Assistance” was signed on 11 July. The negotiation of the Sino-North Korean treaty was finalized in less than two weeks after North Korea agreed to it. Both sides were very satisfied. Zhou Enlai said at the return banquet at the North Korean embassy in Beijing that “the Sino-[North] Korean treaty affirms the militant friendship forged in blood among our two countries and people.” Kim Il Sung pointed

¹²⁷ Cables, Qiao Xiaoguang to the Foreign Ministry, 28 June 1961; Report, the Foreign Ministry to the State Council, 8 July 1961, PRCFMA, no. 114-00206-01, pp. 1-2, 16-21.

¹²⁸ Cable, Chinese embassy in North Korea to the Foreign Ministry, 29 June 1961, PRCFMA, no. 114-00206, pp. 3-5; 4 July 1961, no. 204-00765-03, pp. 27-28.

¹²⁹ Foreign Ministry to State Council, 8 July 1961, PRCFMA, no. 114-00206-01, pp. 16-21.

¹³⁰ Foreign Ministry Propaganda Notice on North Korean Government and Party Delegation’s Visit to China, 8 July 1961, PRCFMA, no. 201-00761-05, pp. 54-57; The contents of the Soviet-Korean treaty and the Sino-Korean treaty can be found on *Renmin Ribao*, 8 July 1961, 5, and 12 July 1961, 1, respectively.

¹³¹ “Chinese draft and finalized text of Sino-Korean Joint Communiqué and Explanations,” 14 July 1961, PRCFMA, 204-01456-01, pp. 1-8, 13-18.

out that the Sino-Korean “treaty expands the fraternal friendship and alliance relationship between our two people formed and developed in prolonged struggle.” It also “lays a new foundation” for this relationship.¹³² We agree with South Korean scholar Dong-jun Lee’s view that the Sino-North Korean “treaty was a product of China’s strategic behavior based on its national interest rather than that of Kim Il-sung’s diplomatic skills.” When the Chinese learned the forthcoming Soviet-North Korean treaty, they “hastened to co-opt North Korea by providing more compelling commitments in the treaty. North Korea tactfully jumped on the Chinese bandwagon.”¹³³

By maintaining a policy of equidistance between Moscow and Beijing, Kim not only consolidated his standing within the party and in North Korea, he gradually felt that he was an important and indispensable member of the Socialist bloc. After returning to Pyongyang, the Korean Worker’s Party held its fourth congress, during which the KWP constantly played up its achievements in domestic economic reconstruction and the grand prospects of the Seven-Year Plan. It stated that the aim of strengthening friendship and solidarity with the Socialist bloc headed by the Soviet Union and China, which was proposed at the KWP’s Third Congress, had been achieved. The visit of Kim’s delegation to both the Soviet Union and China played an epoch-making role in strengthening the unity of the Socialist bloc.¹³⁴

But this euphoria would not last long. When Khrushchev again censured Stalin’s personality cult at the 22nd Communist Party of the Soviet Union (CPSU) Congress in October

¹³² Zhou Enlai *nianpu*, 1949-1976, vol. 2, 423-24; *Renmin Ribao*, 13 July 1961, 1.

¹³³ Lee, “The Politics of Lips and Teeth,” 86. Jin Baizhu made a similar observation, arguing that the Sino-North Korean alliance treaty was an important component of China’s foreign strategy in 1961, which was to delimit boundary lines, stabilizing relations with China’s neighbors, and seeking supporters in the Socialist bloc in the Sino-Soviet confrontation. China took the initiative to propose the signing of the alliance treaty with North Korea. See Jin, “Examining the Motives for the Formation of the Sino-Korean Alliance: On the Process of the Formation of the Sino-Korean Alliance,” *Chūgoku kenkyū geppō* [Chinese Studies Monthly] 64, no. 5 (May 2010): 1-14

¹³⁴ Chinese Embassy in North Korea to Xinhua News Agency, 3 August 1961, PRCFMA, no. 106-00578-03, pp. 19-21.

1961, he directed his criticism at both Mao Zedong and Kim Il Sung. At an internal party meeting on 27 November, Kim stated that the KWP stood resolutely against revisionism, a major threat to the contemporary international Communist movement.¹³⁵ Soon afterwards, Radio Pyeongyang suspended its broadcasts of Korean language programs of Radio Moscow, while copies of *Pravda* and *Kommunist* were locked away at post offices.¹³⁶ A few days later, ambassadors from Bulgaria, Poland, Hungary, and East Germany met to discuss North Korea's relations with the Soviet Union and agreed that "the influence of the pro-Chinese forces in the KWP leadership had increased and that Kim Il Sung had made concessions to them." They also concluded that because of Kim's own "personality cult," "he naturally viewed the Soviet critique of this phenomenon as a threat and thus shifted to an anti-Soviet, pro-Chinese stance."¹³⁷

At this juncture, the Soviet Union began to pressure North Korea economically. Moscow suspended its annual supply of 100,000 metric tons of grain and no progress was made in trade negotiation between the two countries. North Korea's request for remitting cargoes, which it owed the Soviet Union in 1961, was turned down. In turn, the Soviet Union asked North Korea to supply all overdue goods in the first season. While stressing self-reliance, North Korea turned to China for help.¹³⁸

At this time, China was caught in a very difficult economic situation in the wake of the disastrous Great Leap Forward. In December 1961, Ri Ju-yeon secretly visited China with an urgent request for economic aid. China tried its best, but still could not satisfy North Korea's needs. For instance, North Korea asked for an immediate order of 3,000 tons of steel tubes,

¹³⁵ Chinese Embassy in North Korea to International Liaison Department and Foreign Ministry, 28 November 1961, PRCFMA, 109-03023-04, pp. 134-35.

¹³⁶ Szalontai, "'You Have No Political Line of Your Own'," 97.

¹³⁷ Schafer, "Weathering the Sino-Soviet Conflict," 29.

¹³⁸ Chinese Embassy in North Korea to the Foreign Ministry, 9 January 1962, Commercial Counselor's Office, the Chinese Embassy to the Ministry of Foreign Trade, 1 February 1962, PRCFMA, no. 109-03222-07, pp. 133-34, 135-36.

25,000 tons of steel tubes for trade in 1962, and 100,000 pieces of spindles. China was unable to supply these goods, and had to ask the North Koreans to come to China to dismantle and remove spindles from textile mills that had stopped production.¹³⁹ Although China still had an outstanding debt of 1.2 billion rubles (USD 300 million) to the Soviet Union by 1960, Ye Jizhuang, China's foreign trade minister, agreed to cancel all of North Korea's debt to China.¹⁴⁰ Although Beijing was glad to see Pyeongyang become estranged from Moscow, China was unable to offer the amount of economic aid to North Korea it wanted very much to provide.¹⁴¹

Conclusions

By the beginning of the 1960s, North Korea's economic development was much more impressive than South Korea's and would remain so until at least the mid-1970s.¹⁴² Fraternal assistance played a decisive role in the DPRK's successful post-war reconstruction. According to Soviet statistics, by 1 April 1960, North Korea had received a total of 5.5 billion rubles (USD 1.375 billion) of free economic aid from the socialist countries, out of which 1.3 billion rubles (USD 325 million) was from the Soviet Union, and 900 million rubles (USD 225 million) was from China. In addition, the Soviet Union offered 3.6 billion rubles (USD 900 million) of low-interest loans. China provided three batches of no-interest loans.¹⁴³ According to South Korean statistics, from the end of the war to the 1970s, the total aid from socialist countries to North Korea was USD 2.043 billion in total, out of which USD 1.653 billion was given between 1950 and 1960. USD 1.638 billion was free economic aid (including USD 340 million, which North Korea was exempted from paying back). Out of this aid, Soviet aid consisted of 43.14 percent

¹³⁹ Minutes of Zhou Enlai's Conversation with DPRK Vice Premier Ri Ju-yeon, 13 December 1961, PRCFMA, no. 106-01381-06 [Document 13].

¹⁴⁰ Minutes of Conversation between Kim Il and Yi Jizhuang, 7 January 1962, PRC, 106-01381-04, pp. 32-35.

¹⁴¹ Szalontai, "You Have No Political Line of Your Own," 96.

¹⁴² Christian F. Ostermann and James F. Person, eds., *The Rise and Fall of Détente on the Korean Peninsula, 1970-1974* (Washington, D.C.: Woodrow Wilson International Center for Scholars, 2011), 26-35.

¹⁴³ RGANI f. 5, op. 30, d. 337, pp. 70-72; Shi, *Dangdai Zhongguo de duiwai jinji hezuo*, 32, 630-32.

while Chinese aid was 30.75 percent.¹⁴⁴ With economic development, the percentage of foreign aid in North Korea's economic development dropped from 33.4 percent in 1954 to 2.6 percent in 1960.¹⁴⁵ This reflected the role that foreign aid played in North Korea's economic development. Without foreign aid, the DPRK could not have achieved the aim of post-war reconstruction.

A review of the history of North Korean economic development between 1953 and 1960 showed that the Sino-North Korean economic relationship remained relatively stable while the Sino-Korean political relationship was volatile at times. China never suspended its aid to the DPRK, even when the Sino-North Korean relationship became strained or China was in a very difficult economic situation. In bilateral relations, China valued "ism" while North Korea cared about "interests." In order to win Kim Il Sung's political support, China could tolerate North Korea's growing request for material aid, but not its political betrayal. This made it possible for Kim to gain the initiative and a favorable position in bilateral relations. For most of the time, North Korea received large amounts of material aid while maintaining a lukewarm relationship with China.

North Korea was in a very favorable position due to the existence of the Socialist bloc and the nature of Sino-Soviet relations. When the Sino-Soviet relationship was good, both China and the Soviet Union needed North Korea for the strength of the Socialist bloc. When China and the Soviet Union clashed, both sides attempted to win the DPRK's support to enhance its own authority and prestige. North Korea was situated at the front-line of two conflicting blocs during the Cold War and between two giant neighbors. This geographic location made it possible for North Korea to extract enormous economic aid from both neighbors. Kim Il Sung was adept at maintaining a balancing act between Beijing and Moscow.

¹⁴⁴ Nam, *China and Soviet Assistance to North Korea*, 5.

¹⁴⁵ PRCFMA, no. 204-00612-02, pp. 53-97.

DOCUMENT APPENDIX



DOCUMENT NO. 1

Mao Zedong's Remarks at the Banquet for the [North] Korean Government Delegation, 23 November 1953

[Source. PRCFMA 203-0003-01. Pp. 1-3. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

Today we celebrate the signing of the Economic and Cultural Cooperation Agreement between the Democratic People's Republic of Korea and the People's Republic of China. We have also issued a communiqué. Tonight we will broadcast this agreement and the communiqué. This is a major event.

The peoples of our two countries were united during wartime. We were also united prior to the [Korean] War. The war [simply] further consolidated the unity between the peoples of our two countries.

This agreement is an agreement for mutual assistance. It is possible that some people believe that this agreement only helps one side. The assistance to Korea from the Soviet Union, China, and the other people's democracies is genuine. First of all, without the help of the Soviet Union, the war would have been difficult. Without the help of China, the people's democracies, and people from all over the world who dislike imperial invasions, the war would not have been easy. The Chinese people sent the [People's] Volunteer Army and various kinds of material [aid] to help the Korean people. If [you] believe that this assistance was one-sided, [however], and if [you] believe that the Korean people did not help us, then [you] are incorrect.

The Korean people are brave. They can handle suffering; [they are] courageous; [they are] disciplined; [they are] not afraid of hardship; we [the Chinese people] cannot match them in these respects. We should learn from [their example].

In the fight against imperialist invasion—in the fight against the imperialist's invasion of China—the Korean people helped us. Without the heroic struggle of the Korean people, China would not be secure. Had the enemy not been beaten back away from the Yalu River, China's development would not be secure. The Chinese People's Volunteer Army and the Korean People's Army, as well as the people of Korea, struggled together and achieved victory together; [our] assistance was mutual. [The victory in the Korean War] helped the Soviet Union, China, and the entire democratic camp, as well as peace loving people all over the world. This point should be taught to the people.

Millions of Korean people carried out a heroic struggle for three-years; [but] they paid a heavy price in beating back the imperialist's invasion. Their victory is an international victory, and it is a victory that people all over the world care about.

Today we announced the signing of the Economic and Cultural Cooperation Agreement between our two countries. The cooperation [embodied in the agreement] has the character of mutual assistance. We will help the Korean people recover economically; and once the Korean peoples' economy recovers, then they will assist us. Because they [the Koreans] are situated at the first line of defense and we are situated at the second line of defense, [we] are the rear area. Therefore, [just as] the Korean peoples' victory in war was of assistance to us, their economic

recovery is also helpful to China. The recovery of each of their factories and the recovery of each of their villages is closely related to us. They have paid a heavy price in both manpower and material, but the result of their struggle has greatly aided us.

I propose to drink to the health of Premier Kim Il Sung and the comrades of the government delegation of Democratic People's Republic of Korea!



DOCUMENT NO. 2

Agreement on Korean Technical Personnel Receiving Training in China and Chinese Technical Personnel Working in Korea Made by the Governments of the People's Republic of China and the Democratic People's Republic of Korea, 23 November 1953

[Source: Hebei Provincial Archives 908-1-17. Pp. 40-41. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

In order to strengthen the friendship between the two countries and cooperate on further developing production technologies, the Central People's Government of the People's Republic of Korea and the Government of the Democratic People's Republic of China have reached an agreement on the following:

Article 1: The Central Government of the People's Republic of China will accept [North] Korean mechanics and technicians for internships on production techniques in appropriate Chinese production units. The Government of the Democratic People's Republic of Korea will invite and employ Chinese mechanics and technicians to participate in [North] Korea's economic reconstruction and to help develop [North Korean] technical personnel.

Article 2: Prior to December of each year, the North Korean Government and the Chinese Government will agree on the number of, coursework, and term limit for [North] Korean technical personnel and the number, scope of work, and term limit for Chinese technical personnel for the following year. The relevant departments from both sides will respectively agree to a contract on the detailed requirements for the internships of [North] Korean technical personnel and the work of Chinese technical personnel. Internship contracts must be entered into four months prior to the start of the internship. Work contracts must be entered into four months prior to the start of work.

Article 3: In order for the internships and work to proceed smoothly, each respective party will be responsible for reviewing the political and health conditions of the [North] Korean technical personnel and the Chinese technical personnel.

Article 4: The departments in which [North] Korean technical personnel have internships in will be decided by the Chinese government. The departments in which Chinese technical personnel work in will be decided by the [North] Korean government.

Article 5: The [North] Korean technical personnel interning in China and the Chinese technical personnel working in [North] Korea should strictly abide by the host government's

laws and the regulations of the internship department or work department.

Article 6: While interning in China, the [North] Korean technical personnel shall receive the same treatment from their department as Chinese technical personnel and mechanics, including medical expenses and pay in Chinese currency. Their departments will also provide dormitories with furniture, lighting, and heating. The burden of other necessary expenses belongs to the interns themselves.

Article 7: While working in [North] Korea, the Chinese technical personnel shall receive from their work departments the same amount of wages as they did in China, including medical expenses, travel expenses, and allowances. Their work departments will also provide dormitories with furniture, lighting, and heating. The original wages that were in Chinese currency are to be paid according to the needs of the individuals and their families. Wages are to be paid by [North] Korea and China in their respective currencies. The specifics will be defined in the work contracts.

Article 8: Travel expenses for [North] Korean technical personnel and Chinese technical personnel from and to their respective countries are the responsibility of the host country. China will pay for the travel [of North Korean technical personnel] and [North] Korea will pay for the travel [of Chinese technical personnel]. The standards for travel allowances will be set according to each government's current standards for technical personnel pay.

Article 9: The expenses for Chinese technical personnel described in Article 7 and the travel expenses for [North] Korean and Chinese technical personnel described in Article 8, particularly the expenses to be paid for by China, will be settled by the two governments of China and [North] Korea at the end of each year. At that time the Chinese government should provide [North] Korea with the promised assistance funds.

Article 10: Reports by [North] Korean technical personnel about their internship should be approved by the host [Chinese] units. Upon completion of internships, the respective units should issue internship certificates to identify the earned professional and technical proficiencies.

Article 12: The provisions of this agreement related to the internships of [North] Korean technical personnel in China are valid from 1 January 1954 and applies to all [North] Korean technical personnel that have already started their internship in China.

Article 13: Mutual agreement must be obtained for any necessary revisions to this agreement to be made.

Article 14: The agreement shall take effect from the day of signing

Concluded on 23 November 1953 in Beijing in duplicate Chinese and Korean versions. Both versions of the agreement are equally valid.

Representative of the Central People's Government of the People's Republic of China
Zhou Enlai

Representative of the Government of the Democratic People's Republic of Korea
Nam Il

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DOCUMENT NO. 3

CCP Central Committee Propaganda Instructions for the Signing of the Sino-Korean Economic and Cultural Cooperation Agreement, 10 December 1953

[Source: Shanxi Provincial Archives C54-1005-15. Pp.85-89. Obtained for NKIDP by Shen Zihua and translated for NKIDP by Jeffrey Wang.]

To the Departments of the Party Central Committee and Central Military Commission, Departments of the Central People's Government, People's Political Organizations, Bureaus and Sub-Bureaus of the Central Committee, Provincial and Municipal Party Committees, the Command of the People's Volunteer Army, Military Districts, and Army Corps:

The announcement of the negotiation bulletin and the Economic and Cultural Cooperation Agreement between China and [North] Korea has spurred deep concern among people of all classes. In order to further the cadres' and peoples' understanding of the great significance of this agreement, and to obtain practical international education from this incident, [we] hope that Party Committees and Propaganda Departments at all levels will pay special attention and explain the following points in propaganda:

- (1) The negotiation and signing of this agreement between the governments of China and [North] Korea is the second victory in the Chinese and Korean peoples' common struggle against the armed aggression of the U.S. imperialists and is a major event since the Korean Armistice. This [agreement] was reached on the basis of firm solidarity and mutual assistance between the Chinese and Korean peoples and is in line with the vital interests of the Chinese and Korean peoples. It is also of great international significance to the defense of the Far East and the cause of world peace.
- (2) The cooperation between China and [North] Korea is one of mutual assistance. The nature of the signed agreement is also one of mutual assistance. Those who believe that Chinese-[North] Korean cooperation is one-sided assistance and it is just China aiding [North] Korea are fundamentally wrong. Those who believe the aid to [North] Korea will affect our own economic construction are also fundamentally wrong. [We] must understand that the United States started the Korean War and that their goal was by no means just to conquer [North] Korea, but, more absurdly, was to open up a breach in the East and to subdue the Chinese people who had already stood up. Therefore, to defeat American aggression against the Korean people is not just a matter for the Korean people, but is for all peace loving people around the world, particularly the Chinese people, who have a close interest in the matter. The slogan "to resist America and aid Korea and defend the country" fully embodies this sense. During the [Korean] War, the Chinese people carried out a wide-ranging campaign to resist America and aid Korea, dispatching the [People's] Volunteer Army, sending all sorts of materials, [and] really

helping the Korean people. The Soviet Union and all of the democratic countries also lent fraternal aid to the Korean people. This type of assistance was very necessary. If there was no assistance from the Soviet Union and China, no assistance from all of the democratic countries and all of the world's peoples against American aggression, the Korean War could not have been fought well. This is one side; the other side is that it is also necessary to understand that if not for the heroic struggle of the Korean people, China would not be safe. The American imperialists fought to the Yalu River. If they hadn't been pushed back, there would be no guarantee for China's construction. If the enemy's aggressive schemes hadn't been curbed, peace in the Far East and throughout the world would not have been ensured. Therefore the heroic struggle of the Korean people is also of help to the Soviet Union, China, and the entire democratic camp and the peace loving peoples of the world. In the past, our propaganda about the assistance the Korean people have lent to us has been less than our propaganda about our assistance to the Korean people. In the future, this should receive appropriate attention.

- (3) During our struggle in Korea, [we] obtained a great victory by relying upon the cooperation and mutual assistance of the Chinese and Korean peoples. This victory not only caused the enemy to suffer huge losses in manpower, financial resources, and material resources, but through this war, we gained experience in fighting against the American imperialists and exposing the weaknesses of the American imperialists. [This] puts the American imperialists at a strategic disadvantage, increasing the contradictions for it at home and abroad, and disrupting its plan to launch a new world war. [We] thus increased the confidence of the peace loving peoples around the world in resisting imperialist aggression and have encouraged their will to defend peace.

This great victory was achieved at a common cost. During the struggle to resist America and to aid Korea, the cost for China, compared to the price paid by the Korean people, was not large. During this war, northern Korea's population of less than ten-million lost one-fifth of its manpower (do not announce this). The depletion of their material and financial resources cannot even be calculated. Right now, northern Korea's cities have been bombed to ruins. Most of the rural areas were destroyed as well. Life is extremely hard for the people. The Korean people have already made a great contribution towards our common interests and in carrying out our common struggle. To this end, during the negotiations between the Chinese and Korean governments, China decided that the materials and the 7.3 trillion yuan (do not announce this figure) given to [North] Korea during the war would be a free gift given to the [North] Korean government, and that from winter 1954 through 1957, [we] will give an additional 8 trillion yuan to the North Korean government for the restoration of its national economy. This is absolutely necessary. This is not only for the benefit of the Korean people, but also to benefit China and the peoples of the entire democratic peace camp. Because the dividing line at the 38th parallel is a common line of defense for the Chinese and Korean peoples, it also the common line of defense in defending peace in the Far East and throughout the world. In the struggle over this common line of defense, Korea is situated at the first line and China is at the second line. The strong consolidation of the first line has direct and great significance for the second line. The restoration of every village in [North] Korea and every factory is a force for growth and is closely connected to us. Thus, helping the Korean people to heal the wounds of war and restore their national economy is an important task for the consolidation of our common

defense.

(4) The Korean people are brave and hardworking. Through their own efforts under the leadership of the Korean Workers' Party and Comrade Kim Il Sung and with the support of the Soviet Union, China, and the democratic countries, the Korean national economy will be able to recover and North Korea's national defense will be enhanced. The economic recovery and strengthening of the national defense of the Democratic People's Republic of Korea and the stable and gradual improvement of the peoples' lives will have a strong impact upon the South Korean people and prevent provocations from the Americans and Syngman Rhee. It will thus benefit the Korean people in their fight for the country's peaceful reunification and independence and freedom. This is also conducive to our peaceful development.

(5) The [North] Korean people are not afraid of hardship, they love to work, and they are disciplined. The Chinese people are not as well off in these respects [and] we should learn from them [the Korean people]. In the past, there has been little coverage and propaganda about the virtues of the Korean people. In the future, coverage should be increased.

[We] hope that all Party Committees and Propaganda Departments will explain and educate cadres and the people on the above points in the appropriate manner and coordinate these [efforts] with the work to welcome the [North] Korean people's delegation, which is going to visit China at the end of this year.

Central Committee of the Chinese Communist Party
10 December 1953

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DOCUMENT NO. 4

Additional Notification from the Organizational Bureau of the Central Committee on the Issue of Political Examinations for Persons Receiving Training Abroad and Technical Personnel Aiding Korea, 21 April 1954

[Source: Hebei Provincial Archives 857-4-89. Pp. 10-11. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

To all Bureaus and Sub-Bureaus of the Central Committee and the Organization Departments of all Provincial and Municipal Committees:

We [the Organization Department], the Financial and Economic Commission of the Central Committee, and the Central Ministry of Public Security have respectively sent special telegrams on the political vetting of personnel interning abroad and for the technical personnel aiding Korea. For the successful and timely completion of this work, a special supplementary notice follows:

- (1) Concerning the political vetting for personnel interning abroad and for the technical personnel aiding Korea, apart from the Central Ministries which have selected personnel, for the districts, provinces, and municipalities who have selected personnel, the responsible leadership of the local Party Committee and the organization of the factory and mine work units should, with the assistance of the local public security departments, carry out the [political] reviews. For selected personnel, after a review has been completed, the work unit responsible for the conclusion of the review should fill out the review table (three per person) for personnel going abroad and the organization of this work unit or the executive Party member should sign [it]. Responsible personnel from the relevant department and public security department of the local Party Committee should review and sign [this form] and then have the original file and materials, together with the registration form, sent to the central level supervisor of the operating department. For technical personnel aiding Korea, if selected and recruited by a local state enterprise, after the district operating department carries out an examination, [the person's file] should be sent to the State Planning Commission and the Central Ministry of Public Security for final review.
- (2) The original review registration forms for personnel going abroad produced by the Financial and Economic Commission of the Central Committee and the Central Ministry of Public Security had a section [labeled] "reviewed by work unit and local Party Committee." That section should be changed to "final review by work unit and local Party Committee and opinions of the local Party Committee and public security department" and should be signed by the responsible work unit. The relevant department of the local Party Committee and the public security department should carefully carry out the review, signing [it], [offering] opinions [on it], and sealing [it].
- (3) Among the technical personnel aiding Korea, a portion of them were selected from private industries and cottage industries. Under the leadership of the local Party Committee, the department in charge and the local public security department should collaborate to conduct a review [of these individuals] and conclude and seal [these cases]. Following completion, each individual must fill out two copies of the registration review forms for personnel going abroad and, with any related materials, send it to the district public security department for examination and to the State Planning Commission and the Central Ministry of Public Security for final review.

Organization Department of the Central Committee of the Chinese Communist Party
21 April 1954

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DOCUMENT NO. 5

Li Fuchun's Report on Sino-Korean Trade Negotiations, 30 September 1957

[Source: State Planning Commission Archives. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

To Premier [Zhou Enlai] and the Central Committee:

From 13 September through 23 September [1957], we had general conversations and group discussions about [North] Korea's First Five-Year Plan and Chinese-[North] Korean trade. During this visit, they mostly discussed trade without mentioning aid or loans. Our opinions are reported as follows:

(1) Basic Situation

The three-year recovery and development (1954-1956) following the Korean War has already exceeded [its goals] and is complete. The average yield per person for heavy industrial products in 1956 surpassed China's. For example, [North] Korea's average yield per person for copper was 21.1 kg in 1956, whereas China's was only 7.9 kg in 1957. The average yield per person for light industrial products and agricultural products are also generally higher than China's. Cotton [production], however, is much lower than China's. For example, [North] Korea's average yield per person for cotton (seed cotton) was only .67 kg in 1956, whereas China's was 13.2 kg in 1957. In terms of the peoples' lives, [they] are barely self-sufficient in grain and are quite short on cotton ([they] mainly rely on imports). Housing problems have not been resolved.

To help [North] Korea restore its economy, the Chinese government has given [North] Korea 800 million Renminbi in *gratis* assistance, including 50 million in 1957. This aid will be completed by this year. China's total exports to [North] Korea from 1954 through 1957 totaled 922.2 million yuan, including 127 million yuan in 1957. Imports [from North Korea to China] totaled 137.12 million yuan, including 70 million in 1957. The difference between imports and exports has largely been balanced through foreign aid. The main exports from China to [North] Korea from 1954 through 1957 were: 449,000 tons of grain (mainly millet), 178,000 tons of soybeans, 3,950 tons of cotton, 88,476,000 meters of cotton cloth, 3.456 million tons of coal, 260,000 tons of coke, 11,200 tons of rubber. The main imports from [North] Korea to China were: seafood, iron ore, chemical raw materials, and apples. (Annual figures are included in the attached chart).

(2) On Planning

1. The Rate of Developing Industrial and Agricultural Production

The First Five-Year Plan stipulates that industrial output will grow 142.7 percent from 1956 through 1961 with an average annual growth rate of 19.3 percent, of which heavy industry will grow by 19.9 percent and light industry by 18.7 percent on average each year. Agricultural output will rise by 70.5 percent, including 33.1 percent growth in grain. Cotton [production] will grow 13.7 times and national income will grow by 89.3 percent. Industrial development during [North] Korea's First Five-Year Plan still has certain recovery qualities to it. From the perspective of production capacity, it is possible that [they] will pursue high-speed development of industrial production, but from the perspective of raw material supplies and product sales, there are still many difficulties.

According to the situation in [North] Korea, the rapid development of agricultural production is particularly necessary. In terms of grain production, as long as the economic and technical measures can keep up, it is possible that the plan can be completed. In terms of cotton

production, every *jeongbo* of land (equal to one hectare) will grow from producing 402 kg [of cotton] in 1956 to 1099 kg in 1961 (China yields 49 *jin* of cotton lint per *mu* of land). [This] is not a certainty, as [North] Korea has a lot of fertilizer but has less irrigated land and water supplies are not guaranteed. The use of fertilizers will continue to be limited. Particularly from the perspective of planned investments, the Five-Year Plan will directly invest an annual average of 1.73 billion yuan into agriculture, a difference of 2.481 billion yuan when compared the annual average during the three-year recovery period. [This is] not an increase, however, but a reduction.

2. Material and Culture in People's Lives

The First Five-Year Plan stipulates that the average per capita wage for workers and peasants will grow by 21 percent. The growth of the main consumer products per capita is as follows:

	Unit	1956	1961	1956: 1961 Percentage growth
Grain	Kilograms	275	275	
Meat	Kilograms	3.2	16.5	416
Vegetable oil	Kilograms	0.1	2.22	100
Cotton cloth	Kilograms	7.1	10.6	49

According to the situation in [North] Korea, it is necessary to quickly improve the peoples' living standards. It is also appropriate to raise the income of workers and peasants by 21 percent. There is not much difference between the living standards of workers and peasants. The [Five-Year] Plan stipulates that the average level of consumer consumption in 1961 will be slightly higher than China's in 1962. [Average] meat [consumption] will be much greater than China's (10.9 kg); cotton cloth will be equivalent to the level of consumption in Northeast China and much more than the 1962 national average for China (about 7.8 meters). This type of consumption level is not high, but can it be achieved? It is still worth studying. Since their cotton production plan is on the high side, [they] will also need to rely on imports for a portion of the cotton and cotton cloth. Therefore the supply of cotton cloth, as stipulated by the plan, is very difficult to guarantee. For the rapid growth of meat [consumption], [we] need to also consider the possibilities for the supply of feed and how this will increase the pressure on grain. The main source for consumer goods is reliant upon agriculture, but [what if] agricultural production is affected by natural conditions and is not stable [?] It is best to talk less and do more to raise the peoples' living standards. Set the plan at a lower level and in the future strive to exceed [this]. [It] is estimated that over the next five or ten years, the supply of consumer goods will definitely have problems and that the needs of the people will never be fully met. This point must be made clear to the masses so that they are ideologically prepared. But if the development of secondary education is too fast, it will not only [require] an increase in spending, but it will also increase the number of difficulties for labor.

3. Scale of Construction

The [North] Korean Five-Year Plan stipulates that by 1961 savings will account for 22.6 percent of national income. Using a caliber that allows for comparison with our country, [their] fiscal revenue is estimated at 36 percent of gross national income and capital construction investment is estimated at 32 percent. The yearly growth for capital construction investment during the First Five-Year Plan is as follows (the value of the previous year is set at 100): 1 percent growth for 1957, 6.9 percent growth for 1958, 9.4 percent growth for 1959, 2.8 percent growth for 1960, and a 1.2 percent decrease during 1961. The investment ratios for sub-sectors are as follows: 54.6 percent for industry, 5.7 percent for agriculture, 10.9 percent for transportation and telecommunications, 1.2 percent commerce, and 27.6 percent for non-productive construction.

Looking at the proportions of savings and investment in [North] Korea's First Five-Year Plan, although they are about equal to China's, the price of [North] Korea's heavy industrial products is quite low while the price of consumer goods is high. If [you] switch the prices to China's, then [North] Korea's rate of savings for 1961 is much higher than 22.6 percent. Capital construction investment as a proportion of fiscal revenue would also be much higher than 32 percent.

[North] Korea's fiscal and foreign exchange balances during the First Five-Year Plan are relatively precarious. Looking at [their] foreign exchange balance sheet, from 1959 through 1961 [they] will still have 497 million rubles (USD 124.25 million) in foreign aid and 141 million rubles (USD 35.25 million) in loans (as far as we know, these are mainly the balances from past aid and loans from the Soviet Union and the fraternal countries in Eastern Europe). But there will still be deficits in foreign exchanges for 1959 and 1960; 69 million rubles (USD 17.25 million) in 1960 [for example]. This balance does not take into account changes in prices in foreign trade. If you take this into account, the deficit for foreign exchanges expands. The Korean side said that it intends to increase exports to compensate for the deficits in foreign exchanges and did not make specific assistance requests.

To save on investments, there are some construction projects which can be postponed or not built at all. For example, the sulfur dye factory could be postponed, as China has much remaining capacity. Because the [quality of] phosphate products in [North] Korea are low, the superphosphate plant should not be newly constructed. The cement plant exceeds what [North] Korea needs domestically and it is difficult for China to accept the excess [production], so the construction could be scaled down. [They] should also consider adjusting the parabola of capital construction investment, [as] the amount of investment for 1958 and 1959 is growing too fast, so [they] should consider slowing down or delaying some of the construction projects. For the investment allocation for sub-sectors, there should be appropriate increases in the proportion of agricultural investments; for heavy industry, it seems necessary to raise the proportion of investment for chemical fertilizers, synthetic fibers, and other chemical industries in order to ensure the rapid development of agriculture and light industrial production.

(3) On Trade

Comparing the invoices [North] Korea has put forward for imports and exports with China from 1958 through 1961 with those from 1954 through 1957, the main changes are as follows: grain imports will cease while imports of cotton, cotton yarn, coal, and rubber will increase. Imports of soybeans and cotton will be reduced, while exports of iron ore and cement will increase.

Taking into account that, economically, [North] Korea is still relatively problematic, our

trade policy toward [North] Korea in the future should remain as follows: trade according to the principle of bilateral needs and possibilities, provide assistance on material provisions.

Since China's Second Five-Year Plan has not yet been finalized, the amount and supply of the main export materials and the required import materials are hard to calculate in advance, so it is difficult to propose the type and quantity of imports to and exports from [North] Korea for the next several years. As a result, this time [we] were only able to exchange views with the Korean side on the main types and quantities of imports and exports for 1958. For trade with [North] Korea from 1959 through 1961, we will not conduct detailed negotiations and will [only] provide some views on our principles for certain main resources. We will explain to the [North] Korean side [our inability to conduct specific negotiations at the moment] and obtain their understanding.

The plan for trade with [North] Korea during 1958 is as follows:

1. Total Imports and Exports:

In 1958, [our] planned exports to [North] Korea amount to 104.7 million rubles (equivalent to 88 million yuan, USD 26.175 million), an increase in 14.3 percent compared to 1957. If our aid to [North] Korea for 1957 is included in the total exports, then it is a decrease of 30.7 percent. Total imports will amount to 71.35 million rubles (equivalent to 58.57 million yuan, USD 17.8375 million), a decrease of 17.1 percent compared to 1957. Exports exceed imports by about 30 million yuan, mainly for the investments in the Supung Dam.

2. China's Exports for 1958:

Product Name	Unit	[North] Korean Request	Amount We Can Provide
Coal	Tons	87,000	800,000
Cotton	Tons	12,000	5,000
Cotton yarn	Tons	1,500	500
Cotton cloth	Tens of thousands of meters	10,000	5,000
Rubber	Tons	3,300	3,100
Soybeans	Tons	30,000	30,000
Sulfur	Tons	5,500	5,500

3. China's Imports for 1958:

Product Name	Unit	[North] Korean Request	Amount We Can Accept
Iron ore	Tons	300,000	300,000
Gold	Kilograms	1,300	1,300
Electrolytic zinc	Tons	7,000	5,000
Cast iron	Tons	30,000	20,000
Carbide	Tons	30,000	8,000
Red ginseng	Kilograms	7,000	7,000

Of the resources that [North] Korea has asked us to accept, the larger items are cement, bleaching powder, and ammon dynamite. We really do not need, nor can we re-export, silicon iron or squamous graphite, so we cannot accept [these items]. If it is possible for the Korean side, [we] propose to increase the supply of chromium ore, copper, chemical fertilizers, and red and white ginseng.

Based on the above plan, there is still quite a big gap with what the Korean side is requesting, particularly for cotton, cotton yarn, and cotton cloth. If our supply of cotton, cotton yarn, and cotton cloth to [North] Korea are folded into one calculation for cotton, then our supply to [North] Korea for 1958 will be a 6,000 ton decrease over the 1957 supply. If [North] Korea's cotton production in 1957 and 1958 can meet their plans, then [North] Korea's cotton cloth production will basically maintain the 1957 level. Although their per capita consumption [of cotton cloth] will be lower than in 1957, they can generally maintain the level for 1957 (7.1 meters). [We] estimate that it will be very difficult to satisfy the Korean side on this point. Therefore, apart from fully explaining our problems during the negotiations, we should also prepare to increase provisions for [North] Korea as early as possible. If it is necessary to increase the export of cotton, cotton yarn, and cotton cloth, then the export trade plans for 1958 should be reconsidered and adjusted within a certain range.

As for the import and export trade issues with [North] Korea for 1959 through 1961, we will not discuss specific products and amounts, but we will provide the following views on the resources that [North] Korea is concerned about:

- (1) Coal: Due to China's domestic production needs, the volume of [Chinese] exports to [North] Korea for 1959 through 1961 may be slightly lower than the 1958 level. At the same time, [we] should propose that the Korean side consider the following: (1) appropriately reduce coal consumption in order to decrease the required amount of coal; (2) stop demanding the import of coal from Shuangyashan and Kailuan; (3) request less coking coal and accept more coke.
- (2) Cotton, cotton yarn, and cotton cloth: explain to the Korean side about the precarious situation for cotton and cotton cloth. The cotton supply in 1959 will definitely be lower than in 1958, and beginning in 1960 [we] cannot supply [them]. [We] can still supply a portion of cotton yarn and cotton cloth from 1959 through 1961, but the quantity will be lower than in 1958.
- (3) Rubber: we have foreign exchange issues with capitalist countries. Whether or not we will be able to maintain 1958 levels for 1959 through 1961 will depend on the situation [then]. In the future, [we] generally cannot supply transit items. For the individual goods urgently needed by the Korean side which cannot be imported from capitalist countries, [we] can determine whether and how much we can supply depending on foreign exchanges and our ability to buy at that time.
- (4) Sulfur: we may be able to supply [sulfur] from 1959 through 1961, but we currently cannot confirm the quantity.
- (5) Apatite: Shipping [apatite] from the southwest is too expensive. It is best for the Korean side to accept China's phosphorus fertilizer.

- (6) Copper products: due to a copper shortage in China, we suggest that the Korean side supply us with copper and we will supply the [North] Korean side with copper products.
- (7) Linen cloth: the Korean side proposed that they provide us with linen fiber and that we provide linen cloth. We agree to this.

As for Chinese imports from [North] Korea, [we] will inform the Korean side that the materials which the Korean side has requested we accept from 1959 through 1961 that we will continue to try to import the specific items and quantities as much as the situation allows. But for the products [we] could not accept for 1958, it is not that likely that [we] will be able to accept them from 1959 through 1961.

The [North] Korean Economic Delegation also asked to talk to me about bilateral trade pricing principles. The Ministry of Foreign Trade has already sent China's trade pricing principles for [North] Korea to the Premier [Zhou Enlai] for approval. From 1958 on, the principles will be based on international market prices in rubles. The Korean side was notified of this prior to the arrival of the [North] Korean Economic Delegation to China. The proposed talks with [North] Korea are based on this principle.

The above are our preliminary views based on of our study of [North] Korea's First Five-Year Plan and the product list for imports and exports from 1958 through 1961. Because we are not very familiar with the economic situation in [North] Korea, the expressed views are not very specific or necessarily correct. [We] are considering that [we] will not directly criticize [North] Korea's First Five-Year Plan, and instead will introduce China's experience to raise some questions for the Korean side to think about and encourage them to pay attention to. In addition to carrying out detailed negotiations on bilateral trade issues, [we] should also sincerely explain our difficulties and hope that the [North] Korean comrades can understand [them]. Please instruct on whether this is appropriate.

Li Fuchun
30 September [1957]

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DOCUMENT NO. 6

Li Fuchun's Report on Sino-Korean Trade Negotiations, 4 October 1957

[Source: State Planning Commission Archives. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

To Premier [Zhou Enlai] and the Central Committee:

The twelve members of the [North] Korean Government Economic Delegation, led by Cabinet Vice Premier Kim Il, reached Beijing on 12 September [1957]. The primary mission of the delegation in coming to China is to exchange views with us on [North] Korea's First Five-Year Plan (1957-1961) and long-term trade issues. From 13 September through 21 September, we conducted several large group and small group discussions with them (mainly listening to their views). From 24 September through 28 September, [they] went to Shanghai and Hangzhou

to visit twenty-two factories which produce light industrial products and light industrial machinery. On 29 September, [they] returned to Beijing to continue visits and meetings. They mainly discussed trade and did not raise issues of aid or loans (in fact, the Korean side will wait to see the outcome of trade negotiations. If trade won't satisfy their requests, then they will raise aid).

We believe that [North] Korea's First Five-Year Construction Plan should be on the basis of developing industry and agriculture and that self-reliance should be given priority in order to ensure the progressive development of [North] Korea's economy and improvement of the people's lives. In terms of Sino-[North] Korean trade, based on what China can do, trade can actively support [North Korea's] economic development. As much as possible, [China] will strive to achieve balanced trade and will not use assistance and loans to advance [North Korea's] self-reliance. Through [North] Korea's negotiations with the Soviet Union, [they] have learned from experience about this type of policy, but their understanding is still not deep enough. According to this policy, the talks and our views are reported as follows:

(1) Planning:

[North] Korea's post-war three year recovery plan has already been completed and has exceeded its goals. According to population averages, their primary heavy industrial production has far surpassed China's. Their light industrial production and food [production] are equivalent to China's. However, their cotton [production] is far less than China's (last year they only produced 2,000 tons. This year they plan to produce 4,000 tons). Investment in capital construction during the Five-Year Plan is still concentrated in heavy industries, while agricultural investments account for only 5.7 percent. The growth rates for industrial and agricultural production are both set very high. Within five years, industrial production will have grown 142.7 percent (average annual growth rates of 19.3 percent) while agricultural output will grow by 70.5 percent. People's consumption level will be raised by 21 percent.

Very little is known about the situation in [North] Korea (before they came to China, the Koreans had detailed discussions with the Soviet State Planning Commission in Moscow). For [North] Korea's First Five-Year Plan, [we] used the style of introducing China's experience and raising several questions for the reference of the Korean side.

- a. The relationship between industry and agriculture. Agriculture has a great influence upon the national economy. China's Second Five-Year Plan is on the basis of developing heavy industry, [but] agriculture will be developed simultaneously. The proportion of agricultural investments to total investments will be significantly increased from the 8 percent of First Five-Year Plan (the plan stipulated 5.7 percent). Certain heavy industrial products are already in excess in [North] Korea while the supply of consumer goods is still problematic. During the First Five-Year Plan, is it possible to consider paying more attention to the development of agriculture and raising the proportion of investments in irrigation works and agriculture [?] [They] should consider building fewer factories, postponing development, or reducing the scale of heavy industries which are short of resources or produce surpluses that exceed domestic demand and are difficult to export.
- b. Reliable planning. According to China's experience, industrial and agricultural production plans, especially long-term plans, must be sufficiently reliable [so that one can] strive to exceed the planned goals. Otherwise, difficulties will arise during the

implementation of the plan. The growth rate stipulated by [North] Korea's First Five-Year Plan is quite vigorous, [but we] recommend further study on industrial production based on the possible supply of raw materials and product sales. Efforts for agricultural production are completely necessary, but [the North Koreans] must consider the impact of natural disasters and the level of national support upon agriculture. The plan should be a little more reliable.

- c. Improving people's lives. Improving people's lives is necessary, but [the following] require consideration: first, growth rates for improving livelihoods must be very reliable, and it is even preferred that they be set low so they can be surpassed. Second, demand and the possible supply of materials must be balanced. This is more active. It is estimated that the supply of consumer goods will still be problematic over the next five years in [North] Korea and that the growth in production of some of the main consumer goods is not guaranteed. Therefore further study of the growth rates for consumer products is required for the improvement of the people's lives.

(2) Sino-[North] Korean Trade:

The Korean side requested that we come to an agreement on a summary manifest of imports and exports and mutual pricing principles.

The Korean side proposed that China supply materials worth 513 million Renminbi over the next four years. Compared to the 922 million yuan in aid and trade exports from 1954 through 1957, this is a reduction of about 400 million yuan.

Because the Chinese Second Five-Year Plan has not been finalized yet, it is difficult to predict the supply of export resources and the required quantities of imported materials. Additionally, the [North] Korean First Five-Year Plan has not yet been finalized. We have already told the Korean side that we can only exchange views on the main materials and quantities of imports and exports in 1958 during these talks. Concerning trade for 1959 through 1961, [we] cannot discuss this. The Korean side expressed agreement, but hoped China could explain the likely four main materials to be exported to [North] Korea from 1959 through 1961. The two sides have already talked about pricing principles in bilateral trade, and from 1958 onward, they will be based on international market prices and calculated in rubles.

The material requested by the [North] Korean side for 1958 is valued at 142 million yuan. The [North Korean request] is much higher than the Ministry of Foreign Trade's plan for 5.1 billion yuan in total exports in 1958, of which there was to be 88 million in exports to [North] Korea. The key issue is the quantity of cotton, cotton yarn, and cotton cloth which the Korean side requested that we supply. These are much higher than the quantities which the Ministry of Foreign Trade had decided to export to [North] Korea. The [North] Korean side also hoped that we can provide [sufficient] quantity of other resources.

[We] estimate that if we completely balance the mutually needed import and export goods of the Ministry of Foreign Trade, in the four years from 1958 through 1961, the trade balance (surplus) will be about 80 million to one billion Renminbi (an annual average of 20 to 50 million yuan). We believe it would be best not to use grain aid or loans, but rather for Korean side to take up debt in trade or [for us] to, as much as possible, absorb materials which we do not urgently need from the Korean side in order to balance trade. These suggestions would be of interest to [North] Korea's self-reliance. [We] ask that the Central Committee decide [on this matter].

The main resources to be supplied to [North] Korea in 1958 (the materials the Korean

side are most concerned about) are listed below:

Product	[North] Korean Demand	Our Supply
Coal (tons)	870,000 (700,000 tons of coke)	870,000
Sulfur (tons)	5,500	5,500
Rubber (tons)	3,300	3,100
Cotton, cotton yarn, cotton cloth (tons)	15,000	9,000

The coal and sulfur are based on the quantities listed in the Korean side's manifest. The [amount] of rubber being supplied is basically the quantity requested. Both are slight increases over 1957. Cotton, cotton yarn, and cotton cloth will not be the same as the quantity [requested]; the amount of cotton calculated will be less than in 1957 by 3,000 tons. This is problematic for the Korean side. However, we also do not have enough cotton for ourselves (not to mention if we provide an excessive amount [of cotton] to [North] Korea, then this would also create more problems in borrowing cotton from the Soviet Union. It would not be good to speak to the Soviets about this).

When discussing cotton, cotton yarn, and cotton cloth, the [Chinese] trade organization originally promised 6,000 tons of cotton. The Korean side was very nervous when they heard this and even asked whether they could meet higher-ranking officials. This morning, the Korean side met Comrade Jiang Ming and asked that we provide the requested amount of cotton, cotton yarn, and cotton cloth. They also mentioned that they are willing to provide us with 30,000 tons of nitrogenous fertilizer, 200 tons of copper, and 20,000 tons of corn in exchange for our cotton. Comrade Jiang Ming said that [while] [North] Korea's grain [situation] is also very difficult, the problem is that China does not have cotton, not whether [North Korea] can give grain to China. Based on the situation, it is estimated that the promised 9,000 tons [of cotton] will still not be able to meet [North] Korea's request. As a last resort, we can increase the offer to 10,000 tons (including cotton, cotton yarn, and cotton cloth). [We] request that the Central Committee consider and decide on whether this is possible.

In accordance with the above arrangements, the value of exports to [North] Korea in 1958 will exceed 88 million yuan, the figure originally made by the Ministry of Foreign Trade, by about 10 million yuan. If [we] cannot increase export materials to the 51 billion yuan in total exports, then there needs to be a corresponding reduction in exports to other countries and use of foreign exchanges.

The Korean side wanted us to explain the main materials which will be likely be supplied from 1959 through 1961. They are as follows:

1. Coking coal: We can continue to provide quantities at the 1958 level.
2. Rubber: Maintaining the 1958 level will depend on foreign exchange and [China's] ability to purchase during those years.
3. Sulfur: Ask that the Korean side resolve their domestic production. If necessary, we can strive to maintain the 1958 levels.
4. Cotton, cotton yarn, cotton cloth: The quantities provided for 1959 will definitely be less than in 1958. We are afraid that it will be difficult to provide cotton in the future. We can still provide some cotton yarn and cotton cloth, however the amount will also

be less than in 1958.

[North] Korea's request [for cotton] is 10,000 tons in 1959, 6,000 tons in 1960, and 3,000 tons in 1961, as they are preparing to grow more of their own cotton.

Please review whether the above mentioned policies and content of [North] Korea's First Five-Year Plan and [Sino-North Korean] trade are appropriate. Because the Korean delegation is prepared to return to [North] Korea on 7 [October], respond to the Korean side by 6 [October].

Regards

[Li] Fuchun
4 October [1957], 10:00 p.m.

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DOCUMENT NO. 7

Minutes of Conversation between Zhou Enlai and Soviet Ambassador Yudin (Excerpt), 8 January 1958

[Source: PRCFMA 109-00828-01. Pp. 4-7. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

Minutes of Conversation between Zhou Enlai and Soviet Ambassador [Pavel] Yudin
(unreviewed)

Time: 8 January 1958

Location: Xihuating

Translator and documentation: Fang Zu'An

...

Premier [Zhou Enlai]: Today, I want to discuss with you the Korean issue. In Moscow, Chairman Mao [Zedong] discussed the withdrawal of our [People's] Volunteer Army from [North] Korea with Premier Kim Il Sung. During the first talk, Kim Il Sung was afraid that, at present, it would not be good to withdraw the [People's] Volunteer Army. During the second talk, Kim Il Sung agreed to the withdrawal of the [People's] Volunteer Army, believing that this could be a problem for the United States and would be beneficial [to North Korea]. Presently, United Nations forces are still garrisoned in South Korea, so if we withdraw, this could push a number of countries to demand that their units in the United Nations forces also be withdrawn. The United States will be isolated. Currently, the United States, seeking to reduce the burden of military assistance to Syngman Rhee, is pushing Rhee to reduce his armed forces. Syngman Rhee, however, is unwilling to reduce his armed forces, using the pretext that North Korea's armed forces are strong and have [the backing of] the [People's] Volunteer Army. If we withdraw, it will have an impact. On the other hand, after we withdraw, the Korean People's Army can take over the defense of the 38th parallel and gradually gain experience. At the same time, we will withdraw the [People's] Volunteer Army in phases and garrison the withdrawn forces along the Yalu River. If something were to occur, and if the [North] Korean government believed it to be necessary, we [could still] cross the river and strike the enemy at any time.

[Pavel] Yudin: Is Premier Zhou referring to a withdrawal of all forces?

Premier: Yes, a complete withdrawal. At the time [of the conversations in Moscow], Premier Kim Il Sung indicated that he would reply back to Chairman Mao after he returned [to North Korea] and had discussions with the Central Committee [of the Korean Workers' Party]. After Kim Il Sung returned [to North Korea], he sent two telegrams to Chairman Mao. In the first telegram he said that the Central Committee of the Korean Workers' Party agreed that we withdraw the [People's] Volunteer Army. In the second telegram, he proposed two methods and asked for our opinion. One opinion is for the [North] Korean government to issue a statement requesting the withdrawal of forces from both sides [North Korea and South Korea], and then the Chinese government would express agreement and support [for this proposal]. The other method is for the Chinese government to issue a statement proposing that both sides withdraw forces, and then the [North] Korean government would express their agreement and support [for this proposal]. We agreed to adopt the first measure. Therefore, we produced a proposal for withdrawing the [People's] Volunteer Army from [North] Korea. (The above described proposal was personally handed [to Pavel Yudin].) We wish [to hear] the opinion of the Central Committee of the CPSU and the [Soviet] government before replying to Premier Kim Il Sung. We plan to hold the National People's Congress from January 25 until early February, and therefore a delegation of our government will plan to visit [North] Korea in late February.

Yudin: I will immediately report the above situation back to my country.

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DOCUMENT NO. 8

Minutes of Conversation between Zhang Wentian and Pavel Yudin (Excerpt), 23 January 1958

[Source: PRCFMA 109-00828-05. Pp. 44-45. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

Time: 1958 January 23

Location: Ministry of Foreign Affairs

Translator and Documentation: Fang Zu'An

Ambassador [Pavel] Yudin notified us of the following:

Regarding the issue of the Chinese People's Volunteer Army withdrawing from [North] Korea; Moscow has carefully studied our Chinese friends' proposal on measures to withdraw the Chinese People's Volunteer Army from [North] Korea and further measures to be taken on the Korea issue. [Our] views [are as follows]:

Moscow completely agrees with the opinion of our Chinese friends. The immediate implementation of this plan will no doubt prompt an easing of the tense international situation. It

will maintain the initiative of socialist countries on the Korean issue and provide additional political difficulties for the Americans and the South Korean administration.

Of course, the Soviet government will issue corresponding statements and adopt all measures within its abilities to eagerly support the actions of the People's Republic of China and the Democratic People's Republic of Korea. (He personally hands over a memorandum, the content of which is the same as above).

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DOCUMENT NO. 9

Reference Materials for the Sino-Korean Negotiations on Supplying Equipment and Constructing Power Plants, 5 August 1958

[Source: PRCFMA 204-00315-04. Pp.57-67. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

- These negotiations involve a total of three parts.
- The first part concerns the supply of equipment for six projects.
- The second part concerns the supply of eight kinds of specialized equipment and machinery.
- The third part concerns the Chinese-[North] Korean joint construction of the Unbong [Yunfeng] and Shineuiju [Sinuiju] Power Plants.

(1) Complete Sets of Equipment

[North] Korea has proposed six projects (not including the already confirmed 60,000 spindles and the two cement paper bag factories):

1.) Silk spinning factories:

- Three factories. Each factory will have 10,000 spindles.
- One factory will be built each year from 1960 until 1962.
- The raw materials to be used for production are castor silk and a small amount of silk waste from bombyx and tussah.

The preliminary views of the two sides are as follows:

- a) China will help to develop the standard designs, supply the primary equipment, train technical personnel, and dispatch a small number of technical personnel to help guide construction.
- b) [North] Korea will produce secondary equipment and carry out civil engineering design and installation work.
- c) [North] Korea will study whether bleaching and printing equipment is needed.

However, whether or not all three factories need to be on the scale of 10,000 spindles can also be studied.

2.) Sugar factory

- The Korean side originally mentioned that 30,000 tons of sugar would be produced annually, [but] later changed it to between 15,000 and 30,000 tons annually. Construction will be complete in 1960.

After negotiations, the recommendations of our personnel were accepted by the [North] Korean side. Our personnel provided the following preliminary recommendations:

- a) [North] Korea's beet resources are dispersed. It is not appropriate to build large factories;
- b) In areas close to the raw materials, [we] can consider constructing a number of small factories to process 5 tons of beets daily;
- c) If necessary, medium-sized factories which process 500 tons of beets daily can be established;
- d) In addition to serving local needs, small production plants, when necessary, can also use the non-production periods of medium-sized factories to process and refine a portion of the needed refined sugar.

The [North] Korean comrades believe that these views are very helpful for them. They asked to hold detailed discussions [on these points] following their visit.

3.) Flour mill.

- The [North] Korean side originally proposed to produce 100,000 tons of flour annually. [The flour factory] will be completed in 1960.
- Our personnel introduced our experiences [to the North Koreans] and believe that it is not appropriate for flour mills to be too large. Otherwise, [this] will create transportation problems, raise costs, and byproducts [of the flour] cannot be totally utilized.
- The [North] Korean comrades believe that they themselves are inexperienced. [They] asked to hold detailed discussions following their visit.

4.) Papermaking equipment

- The [North] Korean side proposed to have one set of paper production equipment and two sets of paperboard production equipment delivered in 1959. Both types of equipment are to be capable of producing 30 tons per day. [They also requested that] two sets of paper board production equipment (capable of producing 30 tons per day) and another set of paper board production equipment (capable of producing 50 tons per day) be delivered in 1960.
- Our side informed them that, generally speaking, we can provide this equipment, but detailed discussions are still needed for the model of the paper board production equipment.

5.) Shaft Pump factory

- Annual output is 1 million units. [The factory] will be completed in 1959.
- Our side stated that this can be provided.

6.) Boilers and storage battery

- The [North] Korean side requested that we provide two sets of 50 tons/hour equipment in both 1960 and 1961.
- Our initial thought is that we can provide this equipment, but we have not responded yet.

(2) Eight Categories of Specialized Equipment and Machine Tools

1.) 17 types of equipment for metallurgical plants—29 sets.

A total of 7 sets of six types [of equipment]. Delivery [requested] in 1960. We estimate this can be done. The equipment includes: an electrical overhead crane, a crane for teeming steel ingots, a crane for pouring molten iron, a crane for ingot stripping, a mechanical feeder, and a stripping machine.

A total of 8 sets of two types [of equipment]. Delivery [requested] in 1959 and 1960. Detailed discussions will be held after the Korean comrades' visit. The equipment includes a forced draft fan and an automatic control panel for a windlass. (Mainly it is the specifications and models which are unclear.)

A total of 4 sets of four types [of equipment]. Delivery [requested] prior to the first quarter of 1959. The timing is very tight, [so we] need to hold more detailed discussions [on this issue]. The [equipment] includes a 2,500 horsepower electric motor for steel rolling, an electric motor reducer, and a case for rotating machines. Plus a direct current motor.

A total of 10 sets of five types [of equipment]. Delivery [requested] in 1959. If the specifications and models can be appropriately changed to fit our production, then [we] can also consider providing this equipment. [The equipment] includes three types of electric motors and two types of mercury rectifiers.

2.) 11 types of mineral processing equipment—97 sets. [Requested] delivery in 1959 and 1960.

It is estimated that after clarifying some specifications and models that we can generally provide this equipment.

These eleven types of equipment include a rod mill, an electric oscillation screen, an electromagnetic ore separator, a conical mill, sorter (two types), an oscillation brush, a dry magnetic separator, a vacuum pump, a bridge crane, and a forge welding machine.

3.) 15 types of large machine tools—20 sets. [Requested] delivery in 1958 and 1959.

A total of 9 sets of five types [of equipment] with a requested delivery of by the end of this year. The timing is tight and there need to be discussions [on this issue]. [We] also need to

discuss the specific models [requested]. [The equipment] includes two types of lathe and three types of boring machines.

A total of 6 sets of five types [of equipment] with a requested delivery during 1959. [We] estimate that [we] can resolve [this issue]. [The equipment] includes a cam grinder, a crankshaft grinder, a steel boring machine, a fine grinder, and a single arm planer.

A total of 5 sets of five types [equipment] with a requested delivery during 1959. Further discussions are needed on the model specifications.

- 4.) Knitting machines. [We are] to deliver 20 sets of 170m²/day equipment in 1959.
[Requested] delivery of 30 sets of 170m²/day equipment in 1960.

We believe that the scale [of the request] is too large. The [North] Korean comrades agreed to discuss this again following their visit.

- 5.) Automatic bottle making machine. [Requested] delivery of 2 sets of machines in 1959 which are capable of producing 10 million bottles/year. Another 3 sets of equipment capable of producing 10 million bottles/year [are requested] for 1960.

We also believe that the scale [of this request] is too large. The [North] Korean comrades also plan to discuss this following their visit.

- 6.) Spherical steam cooker for pulp production.

[Equipment] will produce 40 thousand tons/year of pulp. [Requested] delivery in 1959 and 1960.

During negotiations, the [North] Korean comrades explained that this will be used as equipment to produce synthetic fiber. The talks were not clear and [we] still need to continue to negotiate.

- 7.) Broad gauged small cars.

A total of 7 cars [requested] to be delivered in 1959.

This can be produced domestically. [We] will respond after calculating domestic supply and demand.

- 8.) Broad gauged mining cars.

Each car has a carrying capacity of 60 tons. [Requested] delivery of 100 cars in 1959 and 1960.

[We] can produce this domestically, but there will be a shortage next year. According to the preliminary estimates of the First Ministry of Machine Building, we will need 2,000 cars next year, but we can only produce 800. Whether or not we should provide [mine cars] to [North] Korea will depend on the decision of higher level [leaders].

(3) Joint Construction of Power Plants in Unbong and Shineuiju.

- We request further instruction from the Premier [Zhou Enlai] on this issue.

1.) There are two central issues related to the Unbong Dam:

First, should the [North] Korean side be responsible for the design and construction of the dam? This point was mentioned by the [North] Korean comrades. The Ministry of Water Conservancy and Electric Power believes that [we] can agree [to this]. However, we do not know if Premier [Zhou Enlai] has discussed this issue with the [North] Korean comrades. How should we respond?

Second, the pace of construction. The Ministry of Water Conservancy and Electric Power hopes [for the dam] to be completed by 1960. The [North] Korean comrades have said that it will be completed in 1962. [We] must have further negotiations on how to speed up the pace of construction.

2.) There are also two issues related to the Shineuiju Power Station:

First, are China and [North] Korea going to adhere to principles similar to the joint construction of the Unbong Dam[?] The [North] Korean side has requested this. We do not have instructions from the leadership, [so we] have not expressed a clear opinion [on this issue].

Second, are the Koreans responsible for the civil engineering design and construction[?] The [North] Korean side has requested this. But Andong [Dandong] City has already organized the manpower and wants them to participate in the construction. The Ministry of Water Conservancy and Electric Power's opinion is that it would be best for both sides to be jointly responsible for the civil engineering.

Note: These questions have not been sent to Vice Premier Li Fuchun for instructions.

This information is therefore also for reference purposes. After further talks and once the planning committee Party leading group had studied [the issue], [we] will make a formal report to Premier [Zhou Enlai].

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DOCUMENT NO. 10

Minutes of Conversation between Zhou Enlai and Kim Il Sung, 22 November 1958

[Source: PRCFMA 204-00064-02. Pp. 9-25. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

Time: 22 November 1958 (Saturday), 1:00 p.m.

Location: Xihuating

Chinese Personnel: Vice Premier Peng Dehuai, Vice Premier He Long, Vice Premier Chen Yi, Vice-Minister Zhang Wentian, Ambassador Qiao Xiaoguang

[North] Korean Personnel: Premier Kim Il Sung, Vice Chairman of the KWP Pak Jeong-ae [Pak Jong Ae], Vice Premier and Foreign Affairs Minister Nam Il, Minister for National Defense Kim Gwang-hyeop [Kim Kwang Hyop], Minister for Culture and Education Ri Il-gyeong [Ri Il Gyong], and Ambassador Ri Yeong-ho [Ri Yong Ho].

Translator: Kang Ryong-gu [Kang Ryong Gu]

Documentation: Wang Shikun

Premier Kim Il Sung and the delegation of the [North] Korean government visited Premier Zhou Enlai on the afternoon of their arrival in Beijing. Premier Zhou invited the [North] Korean delegation to an afternoon banquet at Xihuating.

During the banquet, Premier [Zhou] asked about the state of industry and agriculture in [North] Korea. Premier Kim gave a brief introduction to the situation of food provisions, steel, and electricity in North Korea during 1958. Vice Premier Peng Dehuai asked about production in and exports from South Korea. He [Kim Il Sung] said South Korea's [production] base was poor to begin with, and after being destroyed [during the Korean War] it has never recovered. Most materials are imported from the United States, and even if there are products in the market, the people do not have the money to purchase them. Vice Premier Peng Dehuai asked if South Korea is producing armaments. General Kim Gwang-hyeop said that recently South Korea has been preparing to build an arms factory in Busan [Pusan] in order to produce things such as bullets and grenades, but it was unknown if they had finished construction on the factory. He [Kim Gwang-hyeop] said that Syngman Rhee's standing army has 700,000 personnel and that most of the South Korean budget goes toward military expenses.

Premier Zhou said the [Nobusuke] Kishi government is preparing to amend the U.S.-Japan Security Treaty, [but] that this is actually a method learned from West Germany [in which the government will] lie to the Japanese people and revive Japanese militarism, rearming Japan [in the process]. But the Japanese people have suffered from war—they were the first to suffer the disaster of nuclear weapons. Japan's Social [Democratic] Party and the Japanese people will rise up against Nobusuke Kishi's plans. This is good. Premier [Zhou] asked Premier Kim for his views on this [situation]. Premier Kim said that [Nobusuke] Kishi follows the United States and he will do what the United States wants him to do. Premier Zhou then said that the United States and Kishi's plan will never be realized; even if they can make it work in the short term, it will fail in the end. The [entire] affair itself is negative, but what they are doing will only backfire and will teach the Japanese majority [a lesson about their government]. Recently Vice Premier Chen Yi issued a statement about Kishi's doings; it was well received and supported by the Japanese people. Minister of Foreign Affairs Nam Il said that on the day after seeing Vice Premier Chen Yi's statement, [North Korea] [also] issued an editorial, which enthusiastically supported Vice Premier Chen Yi's statement.

Vice Premier Peng Dehuai inquired if South Korean fishermen have ventured north of the "38th parallel." Premier Kim said that nine boats carrying around forty people had come across this spring. We invited them to tour the north [of Korea] and we even helped them to catch a lot of fish—we filled their boats with fish. Then we let them return [to South Korea] and they reacted very well. Premier Kim said that there were more [examples] than just this single case; some South Korean journalists also like to hear about North Korea's development. Recently a meeting of journalists from North and South Korean was organized at Panmunjeom [Panmunjom], and we gave the [South Korean] journalists some files [about North Korea] which they really enjoyed and brought back to [South Korea] with them. Panmunjeom has become a place for meetings and contacts [between South Koreans and North Koreans]. Premier [Zhou], Vice Premier Peng, and Vice Premier Chen Yi, all praising this practice, believed the Panmunjeom meetings were very clever.

During the afternoon banquet, living problems were also discussed. The talks continued following the afternoon banquet.

Premier [Zhou Enlai]: China is presently smashing all the superstitions relating to industry and mining and [we have] mobilized the masses to engage [in these areas]. We are conducting survey work on radioactive materials and have distributed detectors to 2,000 counties and 20,000 communes across the country, allowing the masses to engage [in this work]. If they find a location with a sizeable amount [of radioactive materials], then they will keep it a secret; if there is not so much, then they will not keep it a secret. Industry is not mysterious—everyone can engage [in industry]. We have two phrases for this: allow all people to engage in industry; but for [the people] to engage is not so simple. On the one hand, [we should] allow everyone to engage in industry, but should this be on a large-scale or should it be focused[?] This is combining popular [engagement] with focused [engagement].

Premier Kim (to be abbreviated as Kim): After witnessing the experience of eradicating superstitions during China's Great Leap Forward this year, [we also] engaged in cottage industries and small-scale industries. Presently, we have already set up more than 1,000 small-scale enterprises, [but] because of labor shortages, [we] cannot [set up enterprises] in too many areas, only in county locations. We mobilized family members of industrial personnel to work on light industries, food stuff industries, and commodities industries, which include ceramics as well as cement. It is also like this in the rural areas, as peasants use the slack period to engage in steelmaking and iron making. This is quite good, that the dynamism of the peasants is so high.

Premier [Zhou]: Indeed, because this can increase production.

Kim: If we do this, then it will be very convenient to set up irrigation works in rural areas. We have already established some small-scale hydroelectric power stations in rural areas, and we estimate that by next year all rural areas will have electricity. Currently, thirty-six percent of all rural areas in [North] Korea are still without electricity.

Premier [Zhou]: [In terms of] electricity, you are definitely ahead of us already.

Kim: Small-scale hydroelectric power stations are easy to establish [as] they only require small rivers.

Premier [Zhou]: This is good. Use both legs to walk. If large power plants were to fail, then the rural areas would be [negatively] affected.

Kim: All small-scale hydroelectric power stations are independent.

Premier [Zhou]: Approximately how many more will be added next year?

Kim: We can finish the Dongnogang [Tongro-gang] Power Plant by next year, which will be 80,000 watts. We are [also] restoring thermal power plants in several areas, and by next year we can reach [an output of] 10 billion/kWh. This year we want to increase it to 8.9 billion/kWh. Our goal is 20 billion/kWh.

Premier [Zhou]: Increasing to 20 billion/kWh—calculating by population, that would be 10,000/kWh for every ten people.

Vice Premier Peng: Judging from our situation, that number is high. It is even higher than Western Europe.

Premier [Zhou]: This year we have not yet reached 30 billion/kWh. Next year we can reach 80 billion/kWh.

Kim: There have been some shortcomings in our development of animal husbandry and cooking oil. Right now, [we] want to develop animal husbandry and vegetable cooking oil. The living [standard] of the people is constantly rising, so not only do they want to eat until they are full, they also want to eat well.

Premier [Zhou]: Were there droughts in your country this year?

Kim: [There were] severe droughts. The reservoirs had very little water, even the Supung Dam was short of it. This year has had the least amount of rain water [on record]. The elderly say that this is the worst it has been in 100 years. According to meteorological research, there should be more rain next year. At present, we have started an electricity conservation campaign [because] in the past [electricity] was wasted.

Premier [Zhou]: In the past, we saw some places in [North] Korea which did not turn off their lights.

Kim: Some places even used electricity to warm *kang* bed-stoves, but this [practice] has already been abolished.

Premier [Zhou]: Your plans for steel will also have to catch up.

Kim: We plan to produce 1 million tons of cast iron next year (450,000 tons this year), [as well as] 650,000 to 700,000 tons of steel (400,000 tons this year).

Premier [Zhou]: You can produce 1 million tons of steel by the year after next?

Kim: It can be reached by then.

Premier [Zhou]: You have 1 million tons of steel. That is 1 ton of steel for every 10 people. We need to produce 60 million tons of steel in order to be able to catch up with you. You are walking in front [of us], very good. Isn't it great that you will be the first to build socialism? (Premier [Zhou] turns to Vice Chairman Pak Jeong-ae) Comrade Pak Jeong-ae, you [North Korea] are running very quickly ahead of us—we are very happy, we congratulate you [on this]. Pak Jeong-ae (smiles and nods).

Kim: It is with your assistance...

Vice Premier Chen: It is mostly by yourself. Through self-reliance.

Vice Premier Peng: North Korea has many favorable conditions [which facilitate development]: transportation, power, raw materials, and minerals.

Premier [Zhou]: How is the cotton this year?

Kim: Still very small [so] we rely mostly on China and the Soviet Union [for cotton]. This year the country purchased 50,000 tons of seed cotton.

Premier [Zhou]: 50,000 tons of seed cotton, 17,000 tons of processed cotton fiber—34 million catties and 300,000 picul.

Kim: Our cotton production is good this year, mainly because the weather has been good. It is also because we began to use nutrient tanks which can allow cotton to grow faster by a month. Next year we are prepared to grow more cotton. Our flax has been doing well this year as well, one *jeongbo* of land can produce one ton.

Premier [Zhou]: Your nutrient tanks are successful; [they] suit your climate. Because the period with no frost is short in Korea, Korean people—men and women—are accustomed to labor. We are also presently mobilizing women. You have enough raw materials for paper, [but] do you have enough raw materials for sugar?

Kim: In the past, we were a little superstitious about sugar. However, [based on what] the Minister for Light Industry saw in China last year, we will plant more sugar beets next year. [We will] use indigenous methods to produce sugar [and] it just might work. Next year we will produce 20,000 tons by ourselves. Currently we import more than 10,000 tons. [North] Koreans do not like to drink tea or coffee much [as] they are accustomed to drinking cold water.

Premier [Zhou]: You could plant some tea in the mountains.

Kim: [We] have no plan to do that at present. According to historical records, the southern part of Korea used to grow some specimens of tea brought over from China. Is it better to produce sugar from sugar canes or sugar beets?

Premier [Zhou]: Of course sugar canes are better. Sugar beets fall sick easily and are often attacked by pests. However, you have a short frost-free period, [so] I am afraid grouting for sugar canes will not be easy. Grouting for sugar beets is much faster.

Kim: During the Japanese colonial period [in Korea], sugar beets were planted once, but they had some problems and after that we did not try anymore. This year, [though], we planted some sugar beets. The situation still isn't too bad.

Premier [Zhou]: How is the restoration of cottage industries coming along?

Kim: We have restored 900 small workshops, [while] production cooperatives have 700-800 [workshops].

Premier [Zhou]: How many agricultural cooperatives are there?

Kim: After mergers there are 3,873 of them—[we] merged villages and cooperatives.

Premier [Zhou]: You seem to have abolished one level [of cooperatives].

Kim: In the past there was a range, [but] we canceled the lower ranges. There are presently only four levels [of cooperatives].

Premier [Zhou]: Some simplification is good. How many counties do you have?

Kim: 200 counties.

Premier [Zhou]: How many provinces are there?

Kim: 9 provinces.

Premier [Zhou]: How many working personnel are there throughout the administrative bodies?

Kim: 16,000 people, not including educational personnel.

Premier [Zhou]: How many educational personnel are there?

Kim: 70,000 or 80,000 people. Since [we] reduced personnel, our government agency personnel to population ratio is the smallest among many countries.

Premier [Zhou]: Since we streamlined [personnel], there are a total of 13 million or 14 million personnel from the Central government down to local administrations. You have fewer people in Central government organizations; we have more people in Central government organizations. We also have more cities. From the center to the township, we have five levels. You have four levels from the center to the village.

Kim: We merged villages and cooperatives. This reduced 7,000 personnel.

Premier [Zhou]: This is a good method.

Kim: Our supply and marketing cooperatives were also merged into the village-cooperatives. This reduced another ten thousand people.

Premier [Zhou]: Are the livelihoods of personnel taken care by the cooperatives?

Kim: We are still experimenting, [so] the country provides [for them].

Premier [Zhou]: We still provide wages for the cadres who were sent down to lower levels. If all of the sudden the cooperatives had to [handle this], the burden on the cooperatives would be too great.

Kim: We have the cooperatives provide for them. Schools still have not been handed over to cooperative administration.

Premier [Zhou]: How many soldiers are there presently?

Kim: There are 300,000 soldiers—quite a lot.

Premier [Zhou]: With 300,000 soldiers, the burden is quite heavy. [But] this is because your situation is different [than ours]. How many workers are there?

Kim: There are 1.1 million workers and staff.

Premier [Zhou]: This is a good ratio.

Vice Premier Peng: [North] Korea's industrial and agricultural output value ratio is higher than ours.

Premier [Zhou]: What is the announced output value for your industry and agriculture?

Kim: The industry to agriculture ratio is 70 percent, but I do not remember the specific figure.

Premier [Zhou]: North Korea's industrialization, electrification, and mechanization are developing rapidly.

Kim: We have 30,000 agricultural tractors, [so just] 15,000 automobiles will do.

Premier [Zhou]: In Guangdong, we are experimenting with electric power to farm rice paddies. You can come and see it. When Norodom Sihanouk came to China he went to Tianjin to observe it. It was not good there. This method saves fuel and steel and is not cumbersome. The completion of your Five-Year Plan will be announced how many years in advance?

Kim: It can be completed next year (i.e., an early completion of two years), but we will announce early completion by one and a half years.

Premier [Zhou]: We can complete our Five-Year Plan this year. The conditions in Korea are good. It is different from the situation of East and West Germany. The living standards of the people are constantly rising and the people of South Korea will run over [to North Korea].

Kim: Our slogan is to fight hard for another two years. China has three [more] years of hard fighting.

Premier [Zhou]: Use development to influence it [South Korea]. Who will replace Syngman Rhee?

Kim: Lee Gi-bung He is a parliament member. He is also older.

Premier [Zhou]: In South Korea they only have the elderly left. Their ambassador stationed in Taiwan Kim Hong-il, is he one of Syngman Rhee's cadres?

Kim: He originally belonged to the military system in puppet Manchukuo.

Nam Il: He does not seem like he is part of Syngman Rhee's clique.

Premier [Zhou]: Is it possible for him to replace Syngman Rhee?

Kim: He [Kim Hong-il] does not have much prestige in South Korea. [At least] Lee Gi-bung has some prestige.

Premier [Zhou]: Wherever the United States stirs up trouble, the point is to create chaos, like in Iraq.

Vice Premier Chen: There was a coup in Sudan. It has been quite difficult to judge the affair clearly so far.

Premier [Zhou]: Armed coups continue to occur in Asian and African countries. There is an armed rebellion in Indonesia. There have been armed coups in North Africa, Algeria, Sudan, and Egypt. It is also like this in Iraq, Jordan, Ceylon, Pakistan, and Burma. Although U Nu said he left the government [in Burma], in truth it was an armed coup. In Thailand, it is the same. South Vietnam had two such troubles but they were suppressed. There are armed struggles everywhere. It is also this way in the Latin America, in the United States' backyard. The United States is conducting military coups everywhere, and they are stirring up trouble by themselves. Armed struggles in nationalist countries are inevitable. Change may also take place in South Korea because they toy with the military [there]. There could be changes in South Korea, because they depend on military, not the masses, and there will always be people who oppose them. There are examples of several types: the first kind is Iraq—this is a good example. The revolution in Iraq was quite thorough, [but] the United States had no way [to counter the revolution]. They could not find [local] agents [to work with], so they had no choice but to recognize it [the revolution]. The second type is Indonesia. At first the United States assisted the rebels but Sukarno fought against the rebels resolutely. In the end, the United States had to recognize Sukarno. The third type is Lebanon. While Lebanon's opposition compromised sometimes, they were [still] better than [President] Camille Chamoun. The U.S. sent troops to Lebanon, but in the end they still had to be withdrawn. They left a bad reputation. The fourth example is Latin America. The United States sought to conspire in Argentina, but in the end they failed. These are all [examples of] armed struggles. Some are revolutionary and others are counter-revolutionary, [but] at present in many places [these struggles] are exposing the failures of the United States. The elections in America this time produced a conclusion for it [U.S. policy]—Dulles' brinksmanship was defeated. Vis-à-vis the socialist camp, [the U.S.] is basically on the defensive. Of course, if there are differences between us, they will still exploit them. [If] we are united, then they do not have a way [to exploit our differences]. The situation in Hungary is such an example, as is Taiwan. If we are determined, then they will reconsider [their strategy]—the situation at Quemoy [Jinmen] and Matsu [Mazu] also show that the United States is on the defensive. Every country in our socialist camp should first develop. The more consolidated we are, the more chaos there will be in the capitalist world. They do not recognize us at present. Very good. ([Zhou] laughs, then turns

toward Vice Premier Chen Yi and says) This way our Foreign Minister has less work to do, fewer troubles.

Vice Premier Chen: [At this rate] I will be “unemployed.” They believe that the Taiwan issue has eased slightly, so they are stirring up trouble in the West. France wants to create a six-country trade alliance with Italy, the Netherlands, Belgium, Luxembourg, and West Germany in order to resist Britain. Britain is outraged. It is good that Charles de Gaulle is coming to power. Quarrels will come up amongst them.

Vice Premier Peng: The United States exposes its weaknesses the most in Korea.

Premier [Zhou]: They are dying—in another ten years, now that will be [a site] worth seeing.

Vice Premier Peng: Getting worse every year, it is worth seeing.

Premier [Zhou]: You are [doing] better than us. You have wiped out illiteracy and are quick in learning new skills. The Soviet Union is also speeding up development. It is the big brother, [having] a strong base. Our base is thin. Our pace [of development] is fast but we have not accumulated enough [strength]. You are better off—you eliminated illiteracy.

Kim: Judging from the situation in northern Korea, 3.5 million tons of steel should be enough.

Premier [Zhou]: After working for another ten years, the socialist camp will be able to surpass imperialist countries in everything. At the very least, the main products [of the socialist camp] must surpass [the main products of imperialist countries].

Kim: I also think so. If we develop for ten years, this would have a great affect upon South Korea. This way, peaceful unification will be possible. As long as you hold the Americans at bay... (this sentence was not heard by the translating comrade, and was not translated.)

Premier [Zhou]: By then there will be changes in South Korea. For example in Taiwan, if Jiang Jieshi [Chiang Kai-shek] or his agents announced that [they] would communicate with the motherland [Mainland China], the United State would have no way [to prevent this]. This is to say, the fortress can be breached from the inside. External factors can influence internal factors; by going through internal factors, [external factors] can produce an effect.

Vice Premier Peng: Are there many Koreans in Japan?

Kim: There are 600,000 people. According to Japanese statistics, there are 400,000 people requesting to return to North Korea. After the armistice, they requested to return [but] at the time the conditions were not right. We can take them back now. They are presently campaigning to return to Korea. Minister of Foreign Affairs Nam Il has issued many statements about this. The Japanese government [however] has not formally replied. The Chongryeonhaphoe [General Association of Korean Residents in Japan] is leading the campaign among the Korean masses [in Japan]—leading Korean nationals to demand work from the Japanese government through a petition campaign. Japanese people have also established an organization to assist Korean nationals with repatriation (including Hatoyama of the Social Democratic Party). From the

perspective of the Japanese people, their lives are difficult [so] they also hope that Korean nationals can return [to Korea]. The issue is that they want to return to North Korea, which will affect the “Japanese-Korean Talks.” The Japanese government is in an uncomfortable position. Minister of Foreign Affairs Nam Il handed a statement to the Japanese government through the Embassy of the Soviet Union in Japan, but after receiving it, the Japanese government returned the statement after three days.

Nam Il: The Japanese say that it is not easy for them to handle this.

Premier [Zhou]: Are there Japanese merchant ships that come over?

Kim: Small ships come secretly.

Premier [Zhou]: As long as they wish to return, it will happen sooner or later. It can take place slowly.

Kim: Our proposal also does not hold that they [should] return very quickly [but holds that it] will require a long-term struggle. [We] will first demand that the Japanese government help to make arrangements for the Korean nationals, giving them work. As long as they [the Korean nationals in Japan] struggle, their wishes can be realized.

Premier [Zhou]: The longer they are oppressed in Japan, the more anti-American and anti-Japanese they will become. In this way, they [the Japanese government] are actually helping us to train this group.

Kim: Public opinion in South Korea towards this policy is also very good. [While] we are looking after Korean nationals in Japan, the South Korean authorities have not done anything. The South Korean people are responding [to this situation]: only the Republic [North Korea] cares for them [Korean nationals in Japan] and [seeks to] solve their problems. Each year, we send 130-140 million Japanese yen for the education of Korean nationals in Japan. [We’ve] given this [money] three times already.

Premier [Zhou]: How do you send this money?

Kim: Through banks.

Premier [Zhou]: And Japan does not oppose it?

Kim: No, [because] this actually helps them to take care of some problems.

Premier [Zhou]: Does the Korean Workers’ Party have any views on how we are dealing with Taiwan? Do you understand [our methods]?

Kim: We fully support China’s actions.

Pak [Jeong-ae]: Completely support.

Premier [Zhou]: The Minister of National Defense has issued four proclamations.

Kim: Did Jiang Jieshi reply?

Premier [Zhou]: He has not yet dared to respond. But the contradictions between the U.S. and Jiang are still developing.

Vice Premier Peng: They said the proclamations [sought to] instigate the U.S.-Jiang relationship.

Vice Premier Chen: Yes, to instigate their relationship.

Kim: If they do not let the Americans go, the Americans will be scolded.

Premier [Zhou]: When you see the proclamation, you will understand it. Some comrades in the west, however, do not understand it [as] the words are difficult to translate. However Jiang Jieshi understands it and the United States has slowly come to understand it. Dulles understands it. He recently gave a speech to the U.S. National Church Committee which seems to have been directed at Chairman Mao's paper tiger statement. He said that the free world has also been strengthened, and that there will be internal changes within the socialist countries. He is pinning his hopes on this—that internal contradictions will arise between us. This is why he doesn't have any other methods right now; it also illustrates that does not dare to fight. The unity among us has strengthened while his fantasy has been shattered. He also said that freedom cannot be relied upon, that freedom is empty; he said that freedom will not bring stability to Asian and African countries and that they require economic assistance, that they need money. He wants those Christians to help him with ideological work to persuade capitalists not to overspend, but to invest in countries in Asia and Africa.

Vice Premier Peng: British steel [production] has decreased by 20 percent this year. In the United States, it has decreased by 25 percent. In both France and Japan, it is also going down.

Premier [Zhou]: Their world is becoming increasingly smaller and they still can't cooperate. [There are also] economic crises and many contradictions.

Kim: What Premier Zhou said is correct. We need to gain time to build up our own [countries].

Premier [Zhou]: You have developed quite well. We are very happy. When the [Chinese People's] Volunteer Army returned home, you gave such an enthusiastic [farewell], [but] I am afraid that their departure has affected your work?

Kim: When the [Chinese People's] Volunteer Army withdrew from [North] Korea, it was the duty of the [North] Korean people to send them off. They shed blood in Korea; they have done many great deeds. What we did was also a form of education for the Korean people, while it also had a positive influence on external politics. Striking at the enemy's rumor that the [Chinese People's] Volunteer Army was not popular among the Korean people..... (the translating comrade did not hear clearly, the rest is not translated). However, we did not make it [the farewell] elaborate enough.

Premier [Zhou]: What you have done is elaborate enough. Mr. Guo [Moruo] has written so many poems after he returned from Korea. We cannot finish talking about it.

Kim: When the [People's] Volunteer Army withdrew from [North] Korea, there were very few people in [North] Korea who did not cry. This is how the people felt. I thank you for your compliment about our country's development. It is encouraging to us.

Premier [Zhou]: Your situation has not been easy.

Kim: Lastly, I would like to say this. When Vice Premier Ri Ju-yeon [Ri Ju Yon] and Comrade Ri Jong-ok [Ri Jong Ok] came to China last time, they resolved questions about long-term trade and loans. We were quite happy [about this] and, while I am here, I would like to express my thanks.

Premier [Zhou]: Our strength is limited, and we have done very little.

Kim: We are already very satisfied. The Standing Committee was quite pleased to hear Comrade Ri Ju-yeon's report.

Premier [Zhou]: In the future, after we finished [our own] development, we can provide more assistance. When everyone has finished developing socialism, we will all be very happy. After you return from Vietnam, are we going to issue a communiqué?

Kim Il Sung, Pak Jeong-ae and Minister of Foreign Affairs Nam Il all expressed agreement to issue a communiqué simultaneously.

Premier [Zhou]: That is good. We will appoint our two Foreign Ministers to work on it, and they can then appoint others to work on it. We do not have to worry about it.

Kim: The visiting military delegation does not have very many things to talk about this time. In the past, when the [People's] Volunteer Army was [in Korea], we always made contact with the [People's] Volunteer Army. Now that the [People's] Volunteer Army has already returned, we need to discuss the issue of future contact. The other thing is learning from each other, exchanging military education, and other experiences. We ask Minister Peng Dehuai to please help us.

Premier [Zhou]: Very good, he (referring to Commander-in-chief Peng) belongs to the People's Liberation Army as well as the [People's] Volunteer Army.

Vice Premier Peng: The military delegation can see what they want to see. There are no secrets between fraternal countries.

Kim: Last time when the [North] Vietnamese government delegation visited [North] Korea, they had a military delegation follow them. The [North] Korean military delegation is also coming along to [North] Vietnam. After their return from Vietnam, they do not have to return [to North

Korea] with the government delegation; they can stay in China for a while longer and look around.

Premier [Zhou]: That is also well. Regarding the itinerary of the military delegation we will have the Foreign Office of the Ministry of National Defense handle the detailed discussions.

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DOCUMENT NO. 11

Summary Report on Organizing Ethnic Koreans and Mobilizing Korean Immigrants to go to Korea to Take Part in Construction, 10 December 1959

[Source: PRCFMA 118-00777-01. Pp. 43-48. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

Report to the Foreign Office (of the State Council). Ji Pengfei, 10 December 1959

When the [North] Korean government delegation visited China in December 1958, they had once mentioned that they hoped for China to help mobilize some ethnic Koreans in China to participate in [North] Korea's development. We have received instructions that the Central Committee agrees with this request. On 18 January of this year, the State Council instructed Jilin, Heilongjiang, and Liaoning Provinces and the People's Committee of the Inner Mongolia Autonomous Region to organize ethnic Koreans with Chinese nationality and to mobilize Korean nationals to participate in development work in [North] Korea. The comprehensive work report on the organization of ethnic Koreans and the mobilization of Korean nationals in Jilin, Heilongjiang, and Liaoning Provinces and the Inner Mongolia Autonomous Region to participate in [North] Korea's development is as follows:

The leading Party and government departments of the four provinces and regions attached great significance to organizing ethnic Koreans of Chinese nationality and mobilizing Korean nationals to go to [North] Korea to participate in development work. After the State Council's instructions were issued, the four provinces and regions convened a regional coordination meeting and, based on the spirit of the State Council's instruction, studied united action, timing, and methods. The People's Committees of each province and region and of the relevant municipal and county governments called for the relevant departments to establish a relocation committee and to organize a joint office. Leading comrades at all levels were personally responsible for timely supervision and inspection and to help resolve problems. This work, which began in February and ended in April, was concluded completely and smoothly.

The four provinces and regions sent a total of 10,297 households of Chinese ethnic Koreans and Korean nationals, or 52,014 people (1,084 were Korean nationals). Jilin Province accounted for 7,127 families or 36,274 people [sic]; Heilongjiang Province accounted for 2,000 households or 9,817 people; Liaoning Province accounted for 1,071 households or 5,383 people; and Inner Mongolia accounted for 99 households or 540 people. Of the 50,000 or so people, there were 24,148 male and female laborers. On average each household possessed two laborers. With an exception of a small number of merchants from public-private partnerships, most of these people were members of people's communes. There were also some workers, technical personnel, and commune cadres. The political situation is that there were 988 members of the

Chinese Communist Party and 1,991 members of the Chinese Communist Youth League (Party members from Inner Mongolia not included). According to our understanding, one-third of these people were sent to the villages with labor shortages in South Hwanghae Province, North Hwanghae Province, and South Pyeongan [Pyongan] Province, while two-thirds were sent to the factories and businesses.

At the beginning of the relocation work, the ethnic Korean applicants were extremely enthusiastic. This was especially the case in regions where there is a concentration of ethnic Koreans. For some production units, most or all members applied. Many regions far exceed the control figures. For example, in Jilin Province, 7,000 households were originally supposed to be relocated, but 20,000 households applied, or more than twice as much as the control figure. The number of applicants in Jilin and Heilongjiang Provinces was also double the control figure. Most of the people applying to go to [North] Korea are good people. They wanted to go to [North] Korea so that Korea could develop. However, there were also some people who had impure motives. Some people doubted the superiority of the people's communes, believing that, following communization, national customs would not be taken care of and that they would be unaccustomed to life [in China]. Some seized the opportunity to go to [North] Korea to get out of agriculture and into industry. Some wanted to go to [North] Korea to obtain higher positions and receive better treatment. There were also people who wanted to use [North] Korea as an opportunity to escape debt. In light of the above, provinces, municipalities, and counties thoroughly completed political and ideological education in a timely fashion, organizing discussions and debates and explaining the [process of] volunteering to take part in [North] Korea's construction. [The provinces, municipalities, and counties] expressed a high spirit of internationalism, and at the same time explained that it is also glorious to stay in the motherland [China] to take part in its construction. Through discussion and debate, [they] refuted some erroneous points of view and clarified the incorrect ideas related to this issue, stabilizing the emotions [of the applicants].

Prior to leaving, many localities held farewell meetings or informal discussions for those who were approved to go to [North] Korea. The responsible cadres personally spoke and encouraged them to play an active role in [North] Korea's socialist construction. All of main railway stations and ports had people attending to and bidding farewell to [those going to North Korea]. They were deeply moved by the care and attention given by the Party and government. Some people said that after they get to [North] Korea that they will definitely accept their organizational assignments, listen to the [Korean] Workers' Party, and do a good job with production to repay the Chinese Party and government for its care. Those who were not approved [to go to Korea] underwent persuasion education, which enabled them to focus on production. [We tried] as much as possible to satisfy the reasonable suggestions and requests they had for work, life, and schooling for children. For example, in the villages with only a small number of ethnic Koreans and without a Korean elementary school, [we] added nationalities classes inside of the Han schools. In terms of daily life, we adjusted the proportion of their food supply. These measures not only stabilized their feelings, but also increased ethnic unity. In relocation work, [we] basically satisfied those who left and put at ease those who stayed.

Regarding financial issues for those who were approved to go to [North] Korea. The absolute majority of the municipal and county people's communes have, in accordance with the provisions of the State Council, fairly and reasonably handled cooperative shares, production investments, and labor returns. Local governments also gave appropriate grants to the small number of households with financial difficulties. But because [we were] pressed for time with the relocation work and there were so many individuals, there were relatively large changes in

production and financial relationships since communization last year. The commune funds in some areas were not settled and funds could not be distributed. Thus the labor earnings, shares, and investments for a small number of the cooperative members who went to [North] Korea were not fully refunded. After they went to [North] Korea, some went to the Chinese Embassy in [North] Korea and asked to return to take care of this; some wrote directly to the cooperatives to request that this be handled. Although these cases were few, every province and municipality had some. There were similar problems among the Chinese ethnic Koreans who went to [North] Korea in 1957 and 1958 (600 families according to incomplete calculations from Jilin Province). Some of them even went to the [Chinese] Embassy quite often to request that this be taken care of. Considering that it does not require much money to resolve these problems and that the issue could potentially have a negative political influence upon production as well as the production mood of the people, we are providing the following views:

- (1) Concerning the disposition of properties for the Chinese ethnic Koreans who were approved to go to [North] Korea to participate in construction between February 1959 and April 1959 (commune members, capitalists from public-private partnerships, and merchants from cooperative store groups). Those who had their properties clearly processed will not be processed again. For those whose properties were not clearly processed, [they] will be handled according to the “Supplementary Provisions on the Problems of Organizing Chinese Ethnic Koreans to Go to Korea for Work,” passed by the State Council on 14 August 1959.
- (2) Concerning the refunding of stocks and interest to the ethnic Koreans who were formerly Chinese nationals and went to [North] Korea to participate in the construction in 1957 and 1958—whether they were capitalists from public-private partnerships or from cooperative store groups, or whether they went collectively or individually. [This] will be handled according to Article One of the “Supplementary Provisions on the Problems of Organizing Chinese Ethnic Koreans to Go to Korea for Work” and the specific circumstances [of each case]. The refund of shares and production investments of commune members and the handling of housing and other private properties will be done in accordance with Article Three of the abovementioned Provisions. However, all debt owed to China must be repaid, regardless of whether the debtor is an aforementioned capitalist from a public-private partnership or a merchant from a cooperative store group. As for the labor income for the agricultural [cooperative] members, consider the drastic change in financial relationships over the past few years and that labor incomes for each year have been clearly distinguished. If it is proposed to resettle accounts and distribution, this will produce many problems. Therefore returns will not be distributed again.
- (3) The settlement of financial relationships or the handling of personal properties for Chinese ethnic Koreans who have applied to return to China can be handled in the following ways:
 1. Communes can settle [accounts] by directly informing the former commune member to send a representative to receive [the properties] or by entrusting a relative or friend. Or, if it is agreed, remittances can be sent to where the commune members live and a regional representative can transfer them to the commune member.

2. Those who visit the Chinese Embassy in [North] Korea and request to return to China to resolve their financial relationships or personal property [issues] must first obtain certification letters from their former commune or local government. The Embassy should strictly handle [this].
3. Additional Chinese ethnic Koreans who request to go to [North] Korea in the future will be handled according to the Ministry of Public Security's 8 June 1958 "Provisions on Administering Exit and Entry for Private Matters." To prevent problems from arising, those with proper reasons and approval [to relocate to Korea] should resolve financial relationship with their people's communes and personal property [issues] prior to departure.

[We] request that the State Council approve the preceding opinions and send them to the People's Committees of Jilin, Heilongjiang, Liaoning, and Inner Mongolia for implementation.

Ministry of Foreign Affairs
10 December 1959

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DOCUMENT NO. 12

Minutes of Conversation between Zhou Enlai and Kim Il Sung, 11 July 1961

[Source: PRCFMA 204-01454-01. Pp. 1-12. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

(Not yet proof read)

Time: 11 July 1961, 11:40 a.m.– 1:20 p.m.

Location: 18th floor reception room, Diaoyutai

Accompanying the visit [on the Chinese side] are: Members of the Political Bureau of the CPC Central Committee Chen Yi and Li Fuchun, State Council Vice Premier Luo Ruiqing, Foreign Trade Minister Ye Jizhuang, State Planning Commission Deputy Director Fang Yi, Vice Foreign Minister Ji Pengfei, and [Chinese] Ambassador to [North] Korea Qiao Xiaoguang.

Seated on the Korean side are: Korean Workers' Party Central Committee Vice Chairman Kim Chang-man [Kim Chang Man], Korean Workers' Party Central Committee Standing Committee Member, Vice Premier, and Minister for the Protection of the Nation Kim Gwang-hyeop [Kim Kwang Hyop], Korean Workers' Party Central Committee Standing Committee Alternate Member, Vice Premier, and Chairman of the Heavy Industry Committee Ri Jong-ok [Ri Jong-ok], Foreign Minister Pak Seong-cheol [Pak Song Chol], and charge d'affaires of [North] Korean Embassy in China Ma Dong-san [Ma Tong San].

Translator: Ri Ji-chang [Ri Ji Chang]

Documentation: Feng Kexiang

Premier Zhou [Enlai]: (After greeting one another, [Zhou] introduced Comrade Fang Yi to

Premier Kim.) Comrade Fang Yi is in charge of foreign economic assistance. Whether or not the projects we have helped you to build are good or not, you can ask him. Are there any signs of delay?

Premier Kim [Il Sung]: Things are very good. There are no problems.

Premier Zhou (to Comrade Fang Yi): You can go and see if there are any problems with equipment and expand [your] understanding [of what is going on in Korea]. When you go, you can pick a good season.

Premier Kim: The ball bearings factory and the textile factories are both good. We used to have to import ball bearings, [but] now we import fewer.

Premier Zhou (to Comrade Fang Yi): After the plans are approved by Chairman Li [Fuchun], go to Korea and then Mongolia. There is no need to go to Vietnam. Then go to Cambodia, Ceylon, and other Asian and African countries. Go once a year.

Vice Premier Luo [Ruiqing]: Are there any issues with military assistance [that you want] to talk about?

Premier Zhou: Military industries are a big burden. It was right for you to not get into these. We wanted to build these quickly, but, in the end, there are problems with quality.

Vice Premier Luo: Particularly with the MiG-19s.

Premier Kim: [We] can proceed slowly. We cannot supply that much gasoline.

Vice Premier Luo: I saw a steel factory on the west coast. This factory competes with the Shijingshan Steel Factory, and uses Chinese coal during production. I asked the factory manager what he thinks about Chinese coal and he said it is very good. I said you are treating me as an outsider! Then he said that the coal had rocks in it, so it was lost weight.

Minister Ye [Jizhuang]: [North] Korea mostly uses coal from Shanxi and Kailuan. They use less coal from Jixi.

Premier Zhou: [When] producing so much, even stones cannot be refined. Using them creates losses.

Premier Kim: Now there aren't any problems.

Premier Zhou (to Minister Ye): When exporting factory items to fraternal countries, the Ministry of Foreign Trade needs to dispatch personnel to supervise at the factory. Don't export what is not up to standard.

Vice Premier Luo: The [North] Koreans don't use much military aid, less than the Vietnamese.

Minister Ye: [We] must specify the quantity and quality of the coal from Heilongjiang, Kailuan,

and Shanxi used by the [North] Koreans.

Premier Zhou: Comrade Fang Yi is responsible for the assignments and specifications of exports. The Ministry of Foreign Trade is responsible for the quality. Ensuring the quality [of] exports is [our] number one priority, quantity is second. The timing can be slower. Comrade [Li] Fuchun should see if this is okay.

Premier Kim: The quality of the equipment imported from China is good, especially the textile equipment.

Premier Zhou: Maybe the textile equipment is good, [but that is] because there is a foundation. But don't just say good things about us. It is best to say more about [our] shortcomings.

Deputy Director Fang [Yi]: The [North] Koreans use 60-cycle motors, [but] we supplied 50-cycle. These fall short of the specifications, [so we] want to exchange [them].

Ri Jong-ok: [Even] during a difficult period in China, [you] helped us with a ball bearing factory. This was very helpful to us. Our cars and tractors use the ball bearings from this factory.

Premier Kim: In the past, the mining machinery which we produced lacked ball bearings. But now this issue is resolved.

Ri Jong-ok: Even the motors use ball bearings from this factory.

Premier Kim: I recently visited the factory. With the help of Chinese technicians, Korean technicians have learned a lot.

Ri Jong-ok: The Premier met with the Chinese technicians.

Premier Kim: The Chinese technicians told me that Korean technicians have already mastered the production techniques.

Premier Zhou: We should agree that if the equipment, goods, or technicians aren't any good, then do not hesitate to inform [us]. We will be ready to swap [them for better equipment or technicians].

Ri Jong-ok: Contact is very close now. Every year we contact Chinese departments without any problems.

Premier Zhou: We have a lot of domestic problems because we are working too fast. There are problems with quality. If there are any problems in the future, notify the Ministry of Foreign Affairs or the Ministry of Foreign Trade. This will be an exercise for our cadres. If the quality is poor, if anything is lost, we will send cadres to do an inspection. This will be beneficial to us. You had a good harvest this year and this is also helpful to us. We can export less grain. This is most helpful. But this also depends on the final harvest.

Premier Kim: It seems this year we might have a good harvest. [We] made various guarantees

for agricultural production this year. Much machinery was provided. Last year 300,000 tons of chemical fertilizer were supplied, [and] this year 600,000 tons were supplied. Last year there was less acreage of corn, [but] this year it has increased.

Premier Zhou: How much land was sown this year?

Premier Kim: 2.4 million 2,400,000 *jeongbo*.

Premier Zhou: Fertilizing 36,000,000 *mu* with 600,000 tons of chemical fertilizer, that's quite a lot.

Premier Kim: The amount of fertilizer per *jeongbo* of paddy field is 400 kilograms. Corn fields take 200 kilograms. This year we focused on the production of grain; cotton less so. Last year, [we] sowed 50,000 *jeongbo* of cotton and each *jeongbo* produced 200 kilograms of seed cotton. This year it was reduced to 20,000 *jeongbo* [of cotton] sown. [We] estimate that for the 930,000 *jeongbo* of corn, each *jeongbo* will produce 2 to 2.5 tons. The slogan we have put forth is that each *jeongbo* will produce tons [of corn].

Premier Zhou: 2 to 2.5 tons [of corn] per *jeongbo* is very good. Producing three tons is even better.

Premier Kim: On flat plains, each *jeongbo* can produce 5 to 6 tons. Sloped land can at most produce 1 to 1.5 tons. On average every *jeongbo* produces 2 to 2.5 tons, with a total production of 2 million tons. Right now there are 520,000 *jeongbo* of paddy fields with guaranteed irrigation. The average *jeongbo* can produce 4 tons, [so we] estimate that we can produce 2 million tons. Four million tons when you put corn and paddy rice together. There is also wheat, potatoes, and other cereals with a total output of 60 to 70 tons. We proposed a slogan of producing 1 million more tons of grain this year than last year so we can generally resolve grain problems.

Premier Zhou (to Vice Premier Luo): How much grain was produced last year?

Vice Premier Luo: 3.7 million tons.

Premier Kim: Under the Seven-Year Plan, [we] are continuing to put agriculture at the center. [We are] reclaiming new arable land.

Premier Zhou: On average, each person has 900 kilograms of grain. Is your population larger than 10 million [people]?

Premier Kim: About 11 million [people].

Premier Zhou: A lot of people ran away from Yanbian [to North Korea]. It is very good [if] young people go. They can become able bodied men. When older people go, it's more burdensome. Did many young people go?

Premier Kim: About 20,000 people [total], half of whom were young, the other of whom were

old.

Premier Zhou: This is the young matching with the old. Our borders are difficult to demarcate. We have implemented a policy of having an open door with you. We will give you as many people as you want.

Premier Kim: Since the end of the war, some people have come back. We mobilized them to return. Some people asked why we do accept those returning from Japan but not us [returning from Yanbian].

Premier Zhou: Don't mobilize them. Do you still have a need for them now?

Premier Kim: No.

Vice Premier Luo: [North] Korea's population is increasing rapidly. [But] there is not much land—an average of three *mu* per person.

Premier Zhou: Do your people have the habit of eating corn?

Premier Kim: Up in the mountains they do.

(redacted text)

Premier Zhou (to Minister Ye): How much cotton was exported to [North] Korea this year?

Minister Ye: 10,000 tons.

Premier Zhou: 10,000 tons is 200,000 *dan*. Although cotton production has decreased in China, we still need to guarantee exports. Otherwise your textile factories won't be able to operate.

Premier Kim: It seems we still have to be nervous over these next two years. It will be better in the future when we have chemical fiber.

Vice Premier Luo: Comrade [Alexei] Kosygin said chemical fiber takes one and half years. Comrade Ri Jong-ok said three months. The Central Committee of the Korean Workers' Party believes it takes eight months. We can't do it now, [but] we can go and learn.

Premier Zhou: It takes at least a year. Our labs can produce them, but we can't mass produce them. There are four junctures: the laboratory, pilot production, and mass production. Then there are gifts [special products]. With gifts, it is easy to give a false impression; that a successful special product means that production is possible. This year is the fortieth anniversary of our Party. [Party organization at] lower levels want [these] special products [to be presented to the Central Government], but [we] stopped this [procedure]. Because the materials used for special products are partially imported or are scraped together. Comrade [Li] Fuchun already concluded that there should not be special products, [and] that it is faster to stick to experiments, test production, and mass production. By championing special products, [one] puts a stop to honest and pragmatic lab work and pilot production. Wherever we went in 1958, it was to serve them.

Of course there were results, but there were also some problem. There were some unreliable special products.

Premier Kim: We also have this kind of situation.

Premier Zhou: The special products come in two forms. One is an exhibition hall where you are invited to take a look; the other is a big performance. Chairman Mao [Zedong] does not go. He has his doubts. We were running all over the place to see [the special products]. Once we discovered this problem, we stopped this practice of [producing special products].

Ri Jong-ok: There was also this kind of situation in [North] Korea's light industries. We don't have materials in [North] Korea, and they still made finished products.

Premier Kim: Kim Il Sung University used imported materials to successfully experiment with synthetic rubber.

Premier Zhou: During the initial period of construction, [we] did not have experience [so] these foibles were hard to avoid. If you do not experiment, you cannot learn. The Korean People's Army is very strong, and this was achieved through training. Construction is the same way. The common road determined by universal truths and the declaration of the Moscow Conference still required our own practice. In a sense, construction is even harder than fighting a war. Our cadres engaging in construction, including [Li] Fuchun, [Li] Xiannian, and [Bo] Yibo, have all become thin.

Vice Premier Luo: Only after fighting a long time did [we] become experienced. Construction is just beginning. Premier (to Premier Zhou), [North] Korea's seafood products are very good, especially since Vice Premier Choe Yong-jin [Choe Yong Jin] became the Minister for Seafood Products. He personally went down to do business, and to learn as well.

Premier Zhou: How much seafood do you produce?

Premier Kim: Last year's plan was not finished. Originally, we had set out to produce 600,000 tons, but in the end we only produced 530,000 tons.

Premier Zhou: That's not bad. 530,000 tons is a lot. What's the plan for this year?

Premier Kim: We plan [to produce] for 700,000 tons. The slogan is for 800,000 tons.

Premier Zhou: That's a lot. It is very difficult for us to increase to 1 million tons this year. First, there was an issue with the nets, followed by tung oil and then ships. What kind of ships do you use?

Premier Kim: The ships we produced ourselves are pretty good. This year the focus is on converting our sail boats into motor junks through the seafood cooperative. This way we can double the production of seafood. The amount of fish caught by cooperatives is greater than the state owned enterprises. Their [production] plans have also been completed.

Vice Premier Luo: In [North] Korea, I see that thee equipment is about the same as ours. We can go and learn [from the Korean seafood cooperatives].

Premier Zhou: Are your main fishing areas on the West Coast or the East Coast?

Premier Kim: Mainly on the East Coast. We are also having problems with nets at the moment. Catching fish requires many different kinds of nets. Our experience is that when the weather is warm, then fish tend to swim in shallow waters; when the weather is cold, then fish tend to swim in deeper waters.

Premier Zhou: We have delimited fishing areas with Japan, but because [their] tools are advanced and [ours] are backwards, we are very far behind. Japan catches more fish than us. This is our doing. If Japan takes part in the Northeast Asia Treaty then we will block their fishing zones. Japan's fishing industry has many medium- and small-enterprises which have a direct relationship with the people. South Korea and Japan failed to reach an agreement because they were unable to resolve the disputes over fishing zones. The U.S. and Canada also restrict where Japan can fish. Only we have open fishing areas with Japan.

Vice Premier Luo: Last year [I] talked with Premier [Kim Il Sung] about us helping [North] Korea to develop light industries and handicraft industries. In the past Japan did horror things [to Korea].

Premier Zhou: Japan [did it] to turn Korea into its market.

Premier Kim: In the first three years of our Seven-Year Plan, the emphasis is on developing the handicrafts and light industries and improving the lives of people. Therefore the eighteen factories which China assisted [us] with last year were all light industries. After these factories began production, they were of tremendous help to us. They resolved many problems [for us]. Additionally, we also imported some light industry factories from Czechoslovakia and Poland. This way we can resolve the problem in three years.

Premier Zhou: It seems that the sequence of [focusing on] agriculture, [then] light industry, and [then] heavy industry is correct. Agriculture in socialist countries has never passed [the bar]. Comrade Khrushchev also agrees with this view. Czechoslovakia has also strengthened their attention towards agriculture. Otherwise, once something comes up, then it will be a very critical [situation].

Vice Premier Chen: Not having food reserves is very dangerous, particularly when something comes up. How good it would be if China has 1000 billion kilos of grain reserves.

Premier Zhou: During the initial recovery period, prioritizing the development of heavy industry was necessary. Without this base, [you] cannot support agriculture.

Premier Kim: The central task during the first three years of the Seven-Year Plan is to raise the people's living [standards] and to develop light industries. The development of the chemical industry will provide raw materials for light industries. After these factories are set up, [we] can produce 20,000 tons of micro-nylon and 40,000 tons of other artificial fiber for a total of 60,000

tons each year. At that point, there will be little need for cotton.

Premier Zhou: That requires two or three years. We must also learn too. All right, talk of construction ends here! Chairman Mao might still talk with you. Next we will have Comrade Chen Yi discuss the situation of the Geneva Conference.

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DOCUMENT NO. 13

Minutes of Conversation between Zhou Enlai and DPRK Vice Premier Ri Ju-yeon, 13 December 1961

[Source: PRCFMA 106-01381-06. Pp. 17-24. Obtained for NKIDP by Shen Zhihua and translated for NKIDP by Jeffrey Wang.]

(Exchange of greetings)

Premier Zhou [Enlai] (to be abbreviated as Zhou): How many of Vice Premier's tasks in coming [to China] this time have been completed?

Vice Premier Ri [Ju-yeon] [Ri Ju Yon] (to be abbreviated as Ri): [I] have satisfied quite a lot [of my tasks].

Zhou: If you can get through half them, that's good.

Ri: There is one item that has not been finished. I would like to use this opportunity to talk with the Premier [about this].

Zhou: Please speak first.

Ri: Our biggest problem is with steel pipes. Some factories cannot go into operation after being set up. When I came, Comrade Kim Il Sung talked about this matter. The first two-days I used the phone to communicate with [North] Korea about this issue. When I arrived I was dubbed the steel pipes representative.

Zhou: This is mainly seamless steel pipes?

Ri: Seamless steel pipes and also welded steel pipes. The figure is for 3,200 tons.

Zhou: How big in diameter?

Ri: Both large and small. We heard that China cannot [satisfy our need] for 150-millimeters and above. We hope that China can provide us with 3,000 tons of which China is capable of providing. There were several thousand tons of steel pipes included in the trade contract. The 3,000 tons are what [we] hope can be given [to us] in a short period of time.

Zhou: When?

Ri: We hope to receive them in the first quarter of next year.

Zhou: [Do you need] many varieties?

Ri: Yes, but not much in terms of quantity.

Zhou: Having many types creates problems for production. Does this include cold drawn pipes?

Ri: Most are seamless steel pipes.

Zhou: Seamless steel pipes can also be cold drawn. It depends on the caliber and concentration. The advantage of cold drawn is that it is easy to shift types. There are two [orders], one is the emergency order for 3,000 tons and the other is the trade order for 25,000 tons next year. Is that correct?

Ri: The emergency order is also included in the trade plan, but we hope to receive them sooner.

Zhou: 3,000 tons—the [State] Planning Commission needs to study this. [I'm] not sure if it will work with our production capacity because we are also a weak department in terms of steel pipes. It's not just an issue of variety and quantity. We can study this issue today, and I will ask them this afternoon. They will study the product types, specifications, quantity, and how much we can provide. We will respond tonight when charge d'affaires Ma [Dong-san] [Ma Tong San] treats you to dinner. (**Ri:** thank you). The 25,000 tons were ordered, and include seamless steel pipes, welded steel pipes, sheet steel, channel steel, axle steel. We are also in short supply of of seamless steel pipes and sheet steel. [We] still need to import some of these. We import 130,000 tons from the Soviet Union, mostly of these two items. As for what [North] Korea needs, we will study it again and respond to you in Pyeongyang [Pyongyang] during the talks of next year's trade. We want to make every effort to somehow provide half of your [request]. [If we] don't reach 50 percent, [we] will be very sorry. As the steel pipe representative [referring to Ri], how could you go back to Korea without at least getting half? With half, there would need to be some delays for factory production. After [you] return, [I] hope you can study this along with comrades from the steel pipe industry, listing items in terms of priority from the [most important items] to [items] that wouldn't significantly affect production. The second issue to discuss is about the 100,000 spindles. In order to quickly and satisfactorily resolve this issue, the result of our study suggests that we can turn over a factory to you. This is more a certainty than building a new [factory] and it is good for you and for us. You shouldn't feel uneasy about demolishing a factory. In 1957, we had 7 million spindles. By the end of 1960, after three years of the Great Leap Forward, we had almost 11 million spindles. We had envisaged that next year we would have 13 million spindles. Now it has been proven that not only was cotton production reduced because of natural disaster, [but] even if production was not cut, it would be impossible to meet the production needs of such a large equipment capacity. For 10 million spindles, it would require 40 million *dan* of cotton; for 13 million spindles, it would require 52 million *dan* of cotton. [We] have 11 million spindles now, which require 44 million *dan* of cotton. According to our calculations for cotton production and cotton farmland, our long term plans for up to 1967-

1969 is to have about 50 million *dan* [of cotton], [but] this will require a huge effort. I'm just telling this to you and don't plan on announcing [this]. It's not easy to increase the amount of cotton per unit area. As you probably remember, in 1958 I visited [North] Korea] and saw your cotton nutrient tanks. After we came back, we did some trials [for nutrient tanks], but there were limits. Comrade Kim Il Sung told me that you also weren't very successful [with nutrient tanks and cotton production]. Our per *mu* yield [for cotton] is relatively high in southern Xinjiang and the Yangtze River areas, [but] it seems unfeasible to spread [cotton production] across the entire country because of soil and climate limitations. This shows that there are highly productive areas, but it is not easy to spread [cotton production] across the country without significant amounts of fertilizer and mechanization. Moreover, it is only done by hand right now. Every *mu* [of land] produces 30 *jin* of cotton or 100 *jin* of seed cotton. Every *jeongbo* [of land] produces 1500 *jin* of seed cotton (750 kilograms). The Soviet Union also calculates by seed cotton. [You] need fertilizers, machinery, irrigation, and labor to increase the per unit production [of cotton]. It's not just sudden improvement. It requires a long period of time. The other issue is the influence of the three years of natural disasters. There are two aspects [to this]: the first is that the draught had a direct impact upon cotton production. Too much rain is not good for cotton, but if it is too dry, cotton bolls will also not grow well. There are some local cadres who, because of a lack of experience, said that the drier it is the better it is [for growing cotton]. Of course, [if] you have water irrigation then more sunshine is good, but [if] it is too dry and the water table is too low, then how can [you] grow cotton! An indirect influence is that, because of crop failure, the peasants are not willing to grow cotton. They have converted cotton fields to produce food. Some are doing intercropping, growing tall crops and covering the cotton, or just growing grain and not any cotton at all. Our cotton-growing areas—Hebei and southern Shandong—were flooded this year. The water has still not receded, and there is no grain or cotton [production]. So cotton fields this year have been reduced to 50 million *mu*, or 3.3 million *jeongbo*. In the past we had 90 million *mu* of cotton fields or the equivalent of 6 million *jeongbo*, [so] this year our production has almost been halved. There are still a lot of problems before [we] can return to the old production figures. Peasants will only be willing to produce cotton if grain production increases. Next year we can only plant a little more than 60 million *mu* [of cotton], or about 4 million *jeongbo*. It will take quite a long time [to restore production to previous levels]; it will take until 1967. If by that time we have reached back to 6 million *jeongbo*, then we will be able to raise [cotton] production per unit area. Every *jeongbo* does not produce 750 kilograms of seed cotton. For example, [if] every *jeongbo* produces 1,000 kilograms, there will be a total of 6 million tons of seed cotton and 2 million tons of cotton fiber, which is 40 million *dan*, and even then this will only require 10 million spindles. At that point, we will still have [too] many spindles. Of course, we also want to find alternative sources of fiber and produce artificial fibers, but this is also limited. Improvements in cotton spindles will allow the usage of artificial fiber. 10,000 tons of artificial fiber is equivalent to 200,000 *dan* of cotton, [and] 200,000 *dan* only need 50,000 spindles. It would not be easy to produce 100,000 tons of artificial fiber or the equivalent of 2 million *dan* of cotton. Even then it would only require 500,000 spindles, and we would still have extra spindles. Therefore, [we] definitely won't be able to reach the production capacity requirements [of China's cotton spindles] prior to 1967. If we keep the equipment it would be idle, but [if] you have uses for it, why not take the equipment! It is not that we are giving it to you when we could have used it for production. It is completely idle. All of the female workers have already gone back to their villages. In May of this year, I stayed at a factory in Handan [in Hubei Province] for ten days. Of four factories which are side-by-side, three have stopped production and only one is [still] in operation. All the spindles are new. It's the same in

Shijiazhuang, Zhengzhou, and Luoyang. These are all cotton-producing areas, but there isn't enough cotton. You can bring [the equipment] back and meet your requirements. [You] can use man-made fibers with some slight modifications. It is not technically difficult. There are also several benefits to this. First, the machines have been used before, [so] they are reliable and without any problems. Second, the timing is fast. Just move them and that's it. Third, [they] have depreciated in value so the price is a bit lower. Forth, there is no need for us to manufacture anything new or to use steel. [I] am persuading you to agree with us. If you are in agreement, then the industrial department can send the personnel in charge of textiles and you can pick the equipment. Shijiazhuang, Handan, Luoyang—whatever equipment looks good can be yours to take. How's this? Does the Vice Premier agree?

Ri: I will go back and ask for the government's views.

Zhou: Let us make the principles clear. There are benefits for both of us, even more for us as we can avoid producing new equipment. The 156 projects which the Soviet Union gave us also utilized this method in order to speed the process up. However, they did not inform us of this beforehand. We eventually found out that they were dismantling old factories. They said it is old equipment but they did not say that they were dismantling the old factories. We feel that [the Soviet method is] inappropriate. We should inform you of the honest truth.

Ri: When I heard this suggestion yesterday, we were wondering if China is only taking these measures because we have been pressing in our demands. We feel that because of China's [natural] disasters and the shortage of raw materials, and then we arrive to take away the machinery, it does not seem appropriate. Next July, if you propose to give us 100,000 spindles and you ask us if we want old or new spindles, we can consider it.

Zhou: If they are old spindles, then they would have only been used for one or two years.

Ri: We can consider it. We do not have to have new ones.

Zhou: They have all been produced in the past few years, so they work pretty well. You have seen the machines at the Beijing Second National Cotton Factory. Those are what the machines are like. This approach is beneficial to both sides, even more so to us because it saves us the trouble of producing new machines. Either way the factory workers have gone home. Of course, you do not have to take [equipment] all from the same factory. You can select the same kinds of machines from different factories. I just said earlier, for example, the four factories in Handan all have new machine which have never been used for production. We will respond to you in Pyongyang [Pyongyang] about the other trade orders. As long as we have [the items], then we will do as much as we can to satisfy your needs. About swapping automobiles, you have proposed an equal exchange using 1000 two-ton trucks. If it is 2 to 1 ratio, which is 500 vehicles, we will need to do calculations according to international market prices, so the quantity might be slightly more or less. We need to study and organize production for next year. The Changchun Automobile Factory has equipment capacity but a shortage of materials, [so] there is not enough to eat. For the items that we import from you, if you have your own needs then you should provide what you can to us. If you cannot provide the items then don't force it. You want to first satisfy the needs of the [North] Korean people. For the items that you want us to accept, we can take a certain number. If some [trade] imbalances appear between us, then we can discuss the

imbalances next year. Hydroelectric power stations are the third issue. The four large 100,000-watt generators for the Unbong [Yunfeng] Dam need to be supplied by the Soviet Union. We should make the order, but the Soviet Union might not be willing to provide the generators or they will delay supplying them, saying they don't want to supply them because of how large our debt is. We talked about this with you last time. The other possibility is that they say that they cannot provide so many generators in such a short period of time, that arranging production takes time. Whatever the situation, we are preparing to organize our own production. So it is possible that we cannot satisfy the bilateral committee's original request within the time limit. Please report to Comrade Premier [Kim Il Sung] about this matter.

Ri: When I return I will report this matter.

Zhou: We may delay the installation. We will simultaneously place the orders while also attempting trial production. If the Soviet [generators] arrive, then we will install their [generators]. But if our trial production provides good and early results, then we can install our own [generators]. But no matter what the circumstances are, it's anticipated that there will be a delay in the originally scheduled installation time. This shows that it is not easy for you and I to establish economically independent countries. It takes time, and in the past we have estimated the process to be easier. What are the views of the Vice Premier?

Ri: I do not have any views. I will immediately report back to the Premier [Kim Il Sung] once I return. We are very grateful that China is doing as much as it can to satisfy our requests.

Zhou: Do not thank us. We still have not fully satisfied [your requests].

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