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Report, Embassy of Hungary in North Korea to the Hungarian Foreign Ministry, 17 August 1955.

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On 29 July 1955, at 4.30 p.m., I returned the visit of Soviet Ambassador Vasily Ivanovich Ivanov whom I had made an appointment with. I took Comrade Golub with me as a translator. During the conversation we discussed the following main subjects:

[...] Comrade Ivanov mentioned that on 30th July, the inaugural ceremony to mark the opening of the Soviet Red Cross Hospital would take place in the eastern part of Pyongyang, and he invited me to it. I expressed my thanks for his thoughtfulness, and told him I had already received an invitation. Comrade Ambassador said that the hospital in question had been built with Soviet assistance, and its facilities had also been sent to the Korean comrades in the framework of Soviet aid. The hospital has 400 beds and a clinic, the latter also being suitable for the treatment of patients. I told him we had expected the new Hungarian medical team to arrive for today, but the plane had not arrived because of the bad weather. Comrade Soviet Ambassador asked for information about the Hungarian hospital. I told him that our hospital was in Sariwon. I invited Comrade Ivanov to a later trip to Sariwon so as to inspect the Hungarian hospital. He was glad to accept the invitation.

We then had a conversation about the changes that had taken place in the international situation. I told him that the recent four-power conference in Geneva had been of a great importance. If the Soviet Union's proposal for disarmament was accepted, it would lead to an improvement in the workers' material and cultural conditions in every country. Hungary also spends a substantial part of its budget expenditures on defence purposes. Comrade Ivanov confirmed what I had said.

In connection with this, he asked me about my opinion of the economic situation in South Korea, with special regard to the material conditions of the South Korean population. I told him that according to the information available for us, the conditions of the population of South Korea were bad. It is founded on facts that in South Korea, the number of the unemployed exceeds two millions. A number of people are starving. Various kinds of taxes are imposed on the population, particularly on the peasants who have to deliver a large part of their produce so as to meet their delivery obligation. The state purchases their crops at a cheap rate. Comrade Ivanov immediately asked me whence we had got these pieces of information. I told him that [we had got them] partly from the local [North Korean] sources of information and the South Korean press reports, and partly from the neutral commission overseeing the armistice. Unfortunately, it is very difficult to get information from the latter. Comrade Ivanov then said that South Korea received large quantities of artificial fertilizer and many consumer goods from the USA, which improved the conditions of the population to a certain extent. In addition, they harvest twice a year, and this also improves the economic situation.

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Of course, it is not the whole population whose material conditions are improving, but the situation of certain strata, particularly of the urban population, is bearable. In reply to this I told him that the USA dispatches a lot of raw materials and agricultural products from South Korea to Japan so as to support Japan, a country deficient in raw materials. The USA purchases these goods from South Korea at very cheap prices.

Comrade Ivanov asked me whether I was of the opinion that the Korean comrades did not devote great care to the improvement of the population's material conditions. I said that in the last half a year, the situation had somewhat improved in this respect, but not sufficiently.

Comrade Ambassador then told me that the Korean comrades had made serious mistakes. He asked me *how it had been possible that the diplomatic corps did not discuss these issues with the Korean comrades. Had they kept an eye on these issues, the Korean comrades would not have made a series of mistakes* [emphasis in the original], e.g. the abolition of free market, the grain procurement, and so on. He visited the city's shops and markets in the recent days, and saw that as a result of the recently passed correct resolution which had allowed private capital to take some initiative, conditions in commerce and the supply of goods improved, and, consequently, the price of certain products decreased. In reply to this I told him that the members of the diplomatic corps had discussed these issues with each other, but they failed to raise the subject collectively in the presence of the competent Korean authorities, because the Korean comrades were very sensitive due to the mistakes they had made, and they would not have interpreted the comments in the most appropriate way.

Comrade Ivanov said that the DPRK should have devoted very great care to the improvement of the population's material conditions. The [North and South Korean] populations are equally familiar with the South and North Korean economic situation, since the borders are not hermetically sealed. North Korea should have an attraction for South Koreans so as to demonstrate the superiority of the people's democratic system over the capitalist one. Otherwise, the Korean comrades devote all their energies to the development of heavy industry, although the Soviet Union could provide assistance to Korea by supplying consumer goods as well.

In my reply I also confirmed Comrade Ivanov's opinion. I told him that the Korean comrades had asked equipment of heavy industry and factories from us too, although we also could have given them equipment of light industry and other products which would have enabled them to improve the population's material conditions in the near future. I mentioned that the Korean comrades had asked us for, among others, a scale-making factory. Jokingly, I said that they should have had something to be weighed first, and scales only after that. On the other hand, we have already seen examples in this question. I reminded Comrade Ivanov of the events that had taken place in the years past in the German Democratic Republic, where the population's unsatisfactory material conditions also played a role in the outbreak of various provocations.

Comrade Ivanov confirmed what I had said, then apologized for raising such serious issues on the occasion of my visit, but, he went on to say, he had had to do so, because he had not got yet to know adequately the situation of this place. On the other hand, I was the only person he intended to inform about the raised questions and his opinion. He will not discuss these with the other Comrade Ambassadors in such a way; he emphasized he intended to

discuss them with the doyen of the diplomatic corps. In his opinion, the mistakes made by the Korean comrades should be raised in the presence of the top leaders, and in certain issues, the opinion of the whole diplomatic corps should be made known so as to ensure that the [Korean] comrades do not consider these comments as lecturing and ordering but notice the sincere helpfulness that inspired them. Our attitude will facilitate their [the Soviets'] situation if they take sides or give advice to the Korean comrades. The conversation, which lasted for some 75 minutes, took place in a sincere, friendly atmosphere.

Comment:

1.) As I had already reported by telegram, the raising of the questions was surprising and unusual. Hitherto, we have not experienced similarly sharp statements on the part of the Soviet comrades, at least not in this way. I am convinced that they have already criticized these issues very intensely, but they have not expressed their views in the presence of the diplomats of the fraternal countries. Still, this also had its antecedents, because Counsellor Petrov had already criticized issues of domestic politics quite sharply, and, in fact, that time we were of the opinion that his criticism was a bit too sharp.

On the basis of all these one can conclude that the Soviet comrades consider the situation rather difficult, they anticipate the events, and they do their best to persuade the Korean comrades of the mistakes they made, and it seems that they want to make use of the assistance of the diplomatic corps of this place too so as to achieve this purpose, in expectation of that the Korean comrades may recognize their errors easier if they are reminded of the latter by several [embassies]. I would like to make an additional remark about the whole question, namely, that the issue is quite delicate. One can touch it only very cautiously. One must think twice before raising questions like this so as to find the appropriate way. I must remind the comrades of that I discussed these issues with Nam Il. Speaking with him, I raised economic issues as if I had asked for information, having not been to Korea for a long time. He stated that the situation was rather good, and although there had been some difficulties, "no one has starved to death yet in Korea", which, unfortunately, was not true. It was true, though, that when he made the statement mentioned above, the worst was already over and some improvement set in. He did not speak about the errors committed, just about how they wanted to establish a grain basis in 2-3 years. In my view, the last plenum of the [Korean] Workers' Party dealt with these issues quite sharply. It specified the mistakes, and it also took steps along the state line in order to correct these excessive measures. There are difficulties in carrying out [the new instructions]. The composition of the state apparatus, the executive organs and the provincial party and state organs is extremely weak, they cannot cope with the tasks. The executive organs are quite bureaucratic and inflexible. Lately, a rather intense struggle goes on in order to change that, in the press and other fields. Hitherto, this has not yielded yet any visible results. Comrade Kim Il-sung spoke to me too about the cadres' lack of professional and political skills when he mentioned that "they are young and inexperienced". For our part, we have already stated several times that the Korean comrades wanted to solve the agricultural problem too quickly. Otherwise, this is confirmed by the experiences of the past winter when there were rather serious difficulties, and the latter were undoubtedly related to the quick pace of the reorganization of agriculture (it was too quick, 25% of the peasant farms joined cooperatives in a year). It is only now that they begin to organize Machine-Tractor Stations intensely. The cooperatives hitherto organized are still just

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slightly more productive than individual peasant farms. They do not exactly give more to the state [than the individual peasant farms]. Their work is easier. For the time being, the state cannot give them anything but a small support. Therefore, it would be appropriate to strengthen the existent cooperatives for a time, and expand their network only later. In my judgement, this issue is one of the most pressing problems of agriculture. It coincides with the difficulties of [food] supply and deliveries, and, last but not least, the living standards of the population.

2.) The issues raised by Comrade Ivanov are clear and comprehensible. It was unusual that he asked us to make attempts sometimes at convincing the Korean comrades of the mistakes in certain issues, and, if possible, prevent them [the mistakes]. Of course, this is a very difficult and delicate problem.

It must be emphasized again that the Korean comrades deal with their own issues in an extremely reserved way. There are few opportunities for a completely sincere discussion of domestic issues. In my view, Comrade Ivanov also sees it, and this is why he thinks that it may be possible to discuss the individual questions appropriately in case we approach them collectively and from several different directions.

On the basis of all these one can conclude that the internal problems are somewhat greater than that we have hitherto seen or thought. I am clear about that the Soviet comrades consider the issue serious and they actively deal with it.

I also draw another conclusion from the conversation, namely, that the reason of Comrade Suzdalev's dismissal was probably that his activity in this field was considered insufficient. It must be noted, though, that he was sickly in a number of times and he spent a long time out of Korea. This also contributed to the situation.

3.) I want to state that for the time being, I do not intend to take any initiative toward the diplomatic corps or the Korean comrades along the line described above. In my judgement, it is the Soviet comrades who have the say in this matter. I intend to take sides only if this is explicitly asked by the Korean comrades. I think this is sensible.

Pál Szarvas
Ambassador

