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ECONOMIC REPORT ON NORTH KOREA

(29th of the Series)

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ECONOMIC REPORT ON NORTH KOREA

This report is based on the following North Korean publications:

Chaejong Kumyung, No. 3, March 1960.

Ch'esin, No. 5, May 1960.

Konch'uk kwa Konsol, No. 5, May 1960.

Kulloja, No. 4, April 1960.

Kyongje Chisik, No. 2, February 1960; No. 3, March 1960; No. 4, April 1960.

Nodongja Sinmun, May 1960.

Nongmin Sinmun, June 1960.

All comments by the researchers have been enclosed in brackets.

## UNITS OF MEASUREMENT

<u>Korean Unit</u>	<u>British Equivalent</u>	<u>Metric Equivalent</u>
<b>Length:</b>		
cha or chok	0.994 ft	0.303 m
kan	5.965 ft	1.818 m
chong	357.906 ft	109.091 m
ri	2.440 mi	3.927 km
<b>Area:</b>		
pyong	3.954 sq yd	3.306 m <sup>2</sup>
myo	118.61 sq yd	99.174 m <sup>2</sup>
tan	1,186.101 sq yd	991.736 m <sup>2</sup>
chongbo	2.45 acre	99.174 are
<b>Capacity:</b>		
hop	0.158 qt	0.180 l
tu	0.397 gal	1.804 l
small mal	1.984 gal	9.020 l
large mal	3.968 gal	18.039 l
sok	39.682 gal	180.391 l
<b>Weight:</b>		
ton	57.871 gn	3.750 g
yang	578.713 gn	37.500 g
kun	21.162 oz	0.600 kg
kwan	8.267 lb	3.750 kg

## I. GENERAL

### Nature of the Adjustment Period of 1960

[The following are excerpts from an article by Sin Yong-bin, entitled "Upsurge in the Building of Socialism in Our Country and the Adjustment Period," Kulloja, No. 4, April 1960, pages 43-53.]

As in all other realms of social life, a great transformation in economic construction cannot be effected without adequate advance preparations. For this reason, whenever the parties and governments of socialist countries undertake great economic tasks, they make over-all analyses of the economic changes realized during the recent past and take measures to solve various problems created in the course of economic construction.

However, the adjustment period which has been provided in our country especially for concentrating efforts on the solution of various preparatory tasks is not always required at each stage of the transformation in economic development. In fact, the setting aside of a period as an adjustment period for economic construction constitutes a novel and original policy which has been adopted only by our Party.

Why, then, has our Party set up an adjustment period in the transitional stage from the First Five-Year Plan to the Second Five-Year Plan?

To understand the necessity and the nature of the adjustment period, we must first analyze the objective requirements of our national economic development which have necessitated the creation of such a period. At the same time, it is also necessary to understand the significance of our Party policy in meeting these objective requirements for the future development of the people's economy.

One of the most important and complicated problems arising from the building of a socialist economy is the

problem of correctly treating the relation between the pace of economic growth on the one hand and the maintenance of a balanced development of the economy on the other. Without maintaining a balance in economic development, we cannot achieve a high rate of economic development. At the same time, a high rate of economic development calls for making constant changes and adjustments in the existing balance in the light of the constantly changing circumstances.

In dealing with this problem, our Party has always correctly adopted the policy of primarily emphasizing the speed of development, and then of coordinating the balance with the speed. By completing the socialist transformation of production relations within the shortest possible period of time and by skillfully mobilizing all the latent economic development potentials, our Party realized an unprecedented upsurge in economic development during the First Five-Year Plan period. During this period, the Party policy of the priority development of heavy industry and the simultaneous development of light industry and agriculture has resulted in a universal and rapid upsurge in all sectors of the people's economy.

As a result, the goals originally envisaged in the First Five-Year Plan have all been overfulfilled in every sector of the people's economy.

In the process of the phenomenal economic development achieved during the First Five-Year Plan period, certain differences have emerged between some economic sectors as to their speed of development. Such differences were inevitable because of the peculiar characteristics of the course of economic development.

First, during the First Five-Year Plan period, the speed of development of the people's economy as a whole and of the individual economic sectors was determined not so much by the speed of [captial] accumulation and its distribution among the individual economic sectors as by the creative activities of the masses and the mobilization of latent production potentials.

It is well known that the all-out drive for "increased output and economization" carried out in 1957 and 1958, the establishment of a local industrial base through the

mobilization of local resources, the machine-tool reproduction movement, etc., have all played a decisive role in the industrial development achieved during the First Five-Year Plan period.

Positive proof to that effect is afforded by the fact that, while in the sector of industry approximately 70 percent of the total capital construction investment envisaged in the First Five-Year Plan was actually invested through 1959, the industrial production level [attained by the end of 1959] surpassed by 15 percent the target level originally set for the end of the Plan.

Differences between sectors in regard to latent production potentials (technical foundations, latent labor resources, skill levels of production workers, etc.) which were created due to different historical conditions, have resulted in radical changes in the interrelationships between the individual sectors of the people's economy. While the over-all Five-Year Plan was overfulfilled, there were some sectors which progressed rapidly and others which progressed relatively slowly.

An important problem was raised in the course of -- the problem of the mutual relations between industry and agriculture.

The socialist industry of our country was equipped with a modern technology after the [Korean] War. It has developed at an unprecedented average annual rate of 44.6 percent while mobilizing a great many latent production potentials. This rapid development of industry, and especially the establishment of the local industrial sector.

During the first two years under the First Five-Year Plan [1957-1958], our agriculture developed at an average annual rate of 25 percent by virtue of the superiority of the cooperative management system. This rate is much higher than the annual rate of development originally envisaged for agriculture in the First Five-Year Plan.

But since our agriculture was primarily based on handicraft technology, it could not maintain as high a rate of development as our industry.

Of course, our Party fully anticipated the emergence of temporary discordances between individual economic sectors in the course of the amazingly rapid development of the people's economy. Thus, with the inception of the First Five-Year Plan, each year our Party issued production assignments in addition to the production goals envisaged in the plans set up at the beginning of each year, at the same time, it set up an adjustment plan (chojol kyehoek) to adjust the interrelationships between individual economic sectors in a mobile manner. Moreover, it re-allocated supplies, labor, funds, and resources among the economic sectors in the light of changed situations.

In particular, to ensure the balanced development of agriculture in relation to our rapidly developing industry, the Party took timely measures to complete the cooperativization of agriculture and to strengthen the cooperative enterprises of agriculture in the realm of production relations. At the same time, the Party took measures in the realm of the development of agricultural productive power to basically complete the water conservation system and to build the foundation for the production and supply of advanced farm machinery such as tractors and large farm machinery.

As a result, the total State investment in agriculture during the first three years of the First Five-Year Plan reached 96 percent of the total investment for agricultural development originally envisaged in the Plan.

But in spite of these earnest policies of the Party, the changes which took place in the relations between individual economic sectors were too great and too sudden to allow all sectors or all phases to adjust at once to the new conditions.

Our great achievements in the course of building socialism did not by any means come easily to us.

To realize these achievements, our people, following the wise leadership of the Party, girded their loins and persevered for a number of years.

During those years, our people solved the task of building the foundation of industrialization within the shortest possible period and ensured a rapid increase in accumulation funds.

The priority solution to the problem of building the foundation of industrialization and the rapid increase in accumulation funds constituted the objective requirements which had to be met in order to realize the phenomenal development of our country.

During the First Five-Year Plan period, it was necessary to concentrate our entire effort on the building of the foundation of industrialization, since it constituted the key to the accelerated fulfillment of all the goals envisaged in the Plan. Moreover, to maintain the great upsurge in the building of socialism, it was necessary to combine the zeal of the masses with the introduction of technological innovations.

The fulfillment of these tasks was, at the same time, the expression of the aspirations of our people for a "good life and a better life than that of other nations." (Kim Il-sung). It was to attain this better life that numerous mass movements were launched during the First Five-Year Plan period: the struggle for increased production and economization, the mass movement for the establishment of a local industrial base, the struggle for more iron, the mass movement for the acceleration of water conservation, the machine-tool reproduction movement, etc.

These aspirations of the people were grasped in time by the Party and transformed into a great material force accelerating the building of socialism in our country.

The fact that the task of building the foundation of industrialization was fulfilled on a priority basis and that accumulation funds were rapidly increased does not, of course, mean that the living conditions and the consumption levels of the people were neglected during the First Five-Year Plan period. By 1959, the real income of the workers and office employees (per capita) [sic?] had already reached the level envisaged for 1961 under the First Five-Year Plan. The per capita consumption of principal foodstuffs by workers and office employees increased from 100 in 1956 to the following in 1958: 160 in meat, 470 in eggs, 140 in fish products, and 200 in fruits.

Today, the living standard of our farmers has risen to that of middle farmers.

Therefore, the priority building of the foundation of industrialization and the more rapid growth of accumulation meant that, while economic construction, the people's livelihood, accumulation, and consumption all progressed rapidly, economic construction and accumulation progressed relatively more rapidly.

As a result, the task of building the foundation of the socialist economy was fulfilled more than two years ahead of schedule. It thus became possible to satisfactorily implement the task of providing a basic solution for the clothing, food, and shelter problem during the same period.

During the First Five-Year Plan period, and especially during a short period after 1958, many new plants were built and many items of equipment were installed. Thus, many new workers were brought into productive labor.

However, since the production capacity and the number of workers rose steeply during such a short period, various production facilities which had already started operation have not yet been completely streamlined and the skill levels of the workers and labor productivity have not yet been raised to the desired level.

Another outstanding characteristic of the upsurge in socialist construction in our country is that the socialist transformation of production relations was completed very rapidly.

The rapid establishment of socialist production relations greatly stimulated the development of productive power on the one hand and called for a correspondingly rapid transformation of the superstructure on the other.

In particular, the working system, working method, and working level of some elements (leading organs) of the superstructure came into sharp conflict with the rapidly changing realities; and this conflict was the cause of a considerable number of defects manifested in 1959 by some Party and economic organs in their economic work.

In short, during the First Five-Year Plan period, our people's economy did not merely develop at a high speed. Its development was accompanied by an abrupt qualitative change--an abrupt change in the economic structure.

It is well known that in the development of a socialist economy, structural changes in general occur gradually (this of course, does not mean that the development of the economy occurs slowly).

But a gradual change in economic structure is not the only path along which a socialist economy can develop. The realities of our country have shown that there also exist certain extraordinary conditions under which this change may arrive abruptly.

With the great upsurge in the building of socialism, our Party has realized a phenomenal order of economic development during the First Five-Year Plan period.

The socialist transformation of production relations achieved during the four or five years after the war, the completion of the foundation of industrialization during the first three years of the First Five-Year Plan period, the machine-tool reproduction movement, the innovations in the machine-building industry between the latter half of 1958 and 1959, the establishment of the local industrial base, the basic completion of the water conservation system, etc. -- all these, indeed, constitute a revolution in the true sense of the word, in the development of our national economy. Thus, a great qualitative change has occurred in our economic structure.

It is quite understandable that under these circumstances, in which structural changes were effected so abruptly in our people's economy, all the economic sectors and their various phases could not at once completely adapt themselves to the changed conditions.

Thus, in the course of the rapid development of our people's economy, there have inevitably been certain differences between some economic sectors (or phases) in regard to their development.

These discordances were, of course, partial and temporary ones, and, as such, they could not substantially

affect the course of economic development up to the present. This is eloquently proven by the high speed of economic development.

But without taking measures to rectify these conditions, which have been created in certain individual links of our people's economy, we cannot ensure the continuous and rapid development of the economy.

For this reason, the Party has made it its central current task to adjust and regularize the effects of the economic development of the past.

These are the objective conditions underlining the necessity of providing an adjustment period in our country.

But the necessity of providing an adjustment period also stems from other causes than the need to adjust and regularize the development of the people's economy.

The problems arising at a given stage of economic construction can be gradually solved at the next stage, together with the implementation of other tasks, without providing a specific period for their solution.

Our Party has set aside a specific period as an adjustment period (wanch'unggi) [lit. complete fulfillment period, i.e., the fullest fulfillment period as compared with the present fulfillment] in order to consolidate the results already gained and at the same time, to make thorough preparations for the new upsurge at the next stage of economic construction. The purpose of this period is to ensure a new, rapid development during the Second Five-Year Plan period by giving priority to and concentration on the solution of the problems which arose during the First Five-Year Plan period.

2

It was pointed out in the decision of the December 1959 Expanded Plenary Session of the Party Central Committee that the central tasks of the adjustment

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period are to relieve the strains created in some economic sectors in the past, especially in the course of implementing the 1959 plan, to strengthen weak links in the economy, and to improve the living conditions of the people.

To realize these central tasks, several concrete tasks have been set forth.

As pointed out in the decision, the important tasks in the economic sector are to concentrate efforts on the mechanization of agricultural operations, to further improve the living conditions of the people, and to ensure a rapid rise in productivity in the industrial sector with a smaller amount of new construction by increasing the utilization rate of existing facilities as well as labor productivity; and also to wage an all-out drive for the acquisition and economization of foreign exchange.

To meet all these economic tasks successfully, the Plenary Session also proposed an important [political] task -- the reorganization of the work of Party, State, and economic organs to meet changed circumstances, and the enhancement of the level of their organizational leadership.

The successful implementation of these political and economic tasks is of great significance not only for the economic work of 1960 but also for the future development of the people's economy.

The task of the mechanization of agricultural operations is primary importance. It is decisive in dealing with the present strains in the agricultural labor supply.

But its importance is not limited to this problem. As Comrade Kim Il-sung has taught us, the mechanization of agricultural operations is an objective requirement of the social and economic development of our country at the present stage of its development.

By forcefully facilitating the technical revolution in the rural areas, our Party will solve the present contradiction between the socialist agricultural production relations and our handicraft-type agricultural technology;

furthermore, the technical revolution constitutes an important means of changing the ideological consciousness of the farmers and of accelerating the cultural revolution in rural areas.

The mechanization of agriculture is also of decisive importance in raising agriculture to the level of industry and in ensuring a balanced development between industry and agriculture for a long period to come.

Comrade Kim Il-sung has delivered the following instructions: "If our agriculture is to proceed with handicraft techniques while our industry is advancing rapidly on the basis of modern technology, the former will not be able to meet the needs of the latter by any means." The purpose of the mechanization of agricultural operations, then, is to ensure the rapid development of agriculture during the Second Five-Year Plan period on the basis of the modern technology characteristic of our industry and, at the same time, to ensure the smooth development of all the sectors of the people's economy.

The enormous task of mechanizing agricultural operations cannot of course be completed within one year. But any progress achieved would be of great significance not only in that it would mean a big step, forward, but also in that it would build the material-technical foundation for the earliest possible completion of agricultural mechanization.

The tasks proposed by the Party in relation to the improvement of the living conditions of the people are of great significance both politically and economically.

Through the last three years of strenuous activity our people have completed the First Five-Year Plan more than two years ahead of schedule. Now, they should be given more supplementary foodstuffs, more houses, and better living conditions so that they can personally feel the results they have achieved during the three years of the First Five-Year Plan. The fulfillment of these tasks will further arouse the enthusiasm of the people for production.

It is well known that one of the basic methods of increasing industrial productivity is to utilize internal production potentials to the fullest extent.

Accordingly, the struggle for the maximum utilization of internal production potentials is an indispensable requirement for the continuous rapid development of our people's economy. It is by no means accidental that, during the First Five-Year Plan period, the starting point of the great upsurge in the building of socialism was the mass movement for greater output and economization.

Thus, the significance of the decision of the Plenary Session to effect a rapid increase in industrial productivity with a smaller amount of new construction and through the enhancement of the utilization rate of facilities and labor productivity is self-evident.

The tasks proposed by the Plenary Session for the acquisition and economization of foreign exchange constitute a reflection of a fundamental requirement of our national economic development at its present stage.

These tasks are of extreme importance not only for the successful implementation of tasks related to the enhancement of the people's life and to economic development during the adjustment period, but also for the future development of our people's economy.

One of the indispensable requirements for realizing historic progress in socialist industrialization during the Second Five-Year Plan is to further strengthen the economic cooperation among the countries of the socialist camp on the basis of the principle of the international division of labor. This requirement accounts for the importance of the foreign exchange problem.

One of the fundamental lessons learned from the economic upsurge during the First Five-Year Plan period was that the enhancement of revolutionary consciousness among the masses and the cultivation of their creative ingenuity are of decisive importance in realizing a rapid development of the people's economy.

It is also clear that the Party leadership played the decisive role in organizing and mobilizing the enthusiastic masses for the building of socialism.

It is very important to further enhance the revolutionary consciousness of the masses and to more closely

relate the work of the Party leadership to the aroused enthusiasm and creative activity of the masses. This constitutes a necessary measure for ensuring a new upsurge in socialist construction during the Second Five-Year Plan period.

The proposal of the Plenary Session to improve the work of Party, State, and economic organs [during the adjustment period], is concerned with precisely this problem.

3

Our Party's policy of encouraging a great upsurge in the building of socialism and of adopting an adjustment period constitutes a creative solution of the problem of speed and balance in the light of the conditions peculiar to our country. This is one of the most important and most complicated problems in the building of a socialist economy.

The problem of correctly coordinating the elements of speed and balance in the building of a socialist economy has always been one of the most complicated problems in the economic policies of the Marxist-Leninist parties.

The history of economic construction in the socialist countries indicates that there has been a serious struggle between the revolutionary viewpoint and the opportunistic viewpoint in regards to this question.

In dealing with the problem of speed and balance in economic development, our Party has rejected the opportunistic attitude of regarding the criterion of balance as absolute and of attempting to balance our economic development on the basis of weak economic links. Our Party has subordinated balance to speed, but, at the same time, it has given full consideration to the problem of balance--a thoroughly revolutionary but highly flexible policy.

The whole line of our Party's economic policy on the priority development of heavy industry and the simultaneous development of light industry and agriculture has

ensured a rapid and balanced development of the people's economy.

The numerous systematic and multiangular measures taken by the Party to improve the level of economic planning and to adjust planned tasks to changing circumstances in a mobile manner constitute positive proof that the Party has given full consideration to the question of balance in economic development. This is decisively proven by the Party policy on the adjustment period--the creation of an adjustment period in which efforts are to be concentrated on the solution of the problem of balance in the development of the people's economy.

The great upsurge in the building of socialism in our country and creation of the adjustment period--these are living manifestations and products of the high "principledness" and creativity of our Party policy. (Kulloja, No. 4, April 1960, pages 43-53)

## II. FINANCE

### Report on 1958 State Budget and 1960 Draft Budget

[The following are excerpts from a "Report Concerning the Final Account of the 1958 State Budget Execution and the Draft of the 1960 State Budget of the Democratic People's Republic of Korea," delivered by Song Pong-uk, Minister of Finance and a Deputy, [before the Supreme People's Assembly,] Chaejong Kumyung, No. 3, March 1960, pages 4-19.]

Comrade Deputies!

At the mandate of the Cabinet of the Democratic People's Republic of Korea, I submit the final account of the 1958 State budget execution and the 1960 draft State budget to the present meeting for its consideration.

The historic First Five-Year Plan was fulfilled two and a half years ahead of schedule under the wise leadership of the Central Committee of the Korean Labor Party headed by Comrade Kim Il-song and by the working masses who are solidly united behind this plan.

Our patriotic workers have thus honorably fulfilled all the tasks set forth by the third congress of our Party.

As a result of the great achievements made in all the sectors of the people's economy, the State budget has created a vast amount of reserves year after year while being successfully implemented.

Our State finances have been placed on such a firm footing that the policies of the Korean Labor Party and the State aimed at continuous economic development and the betterment of the living standards of the people can now be carried out with domestic accumulations alone.

On the Final Account of the 1958 State Budget  
and the Preliminary Final Account of the 1959  
State Budget

The year 1958 was of decisive importance in the implementation of the First Five-Year Plan. During 1958, the upsurge of socialist construction was continuously maintained and socialism won historic victories in all sectors of the people's economy.

The socialist production relations, which became the sole controlling relations in both urban and rural areas, have made it possible to develop the productive power of our country at a phenomenal pace and to further accelerate the creative labor struggle of the working masses.

Aroused to a high pitch of enthusiasm by the decisions of the June and September 1958 plenums of the Party Central Committee and by a Red Letter of the Party, the workers have accomplished, day after day, new miracles and innovations which have astounded the world.

Our heroic working class has crushed conservatism, passivity and various myths about technology. Within less than a year, it has built reconstructed, or expanded the No. 1 blast furnace and coking oven of the Hwanghae Iron Works, as well as numerous other enterprises and shops. For the first time in our national history, it also succeeded in producing various items of machinery and equipment, including tractors, trucks, excavators, bulldozers and hydroelectric generators.

Upholding the decision of the June 1958 Plenum of the Party Central Committee, our working class established more than 1,060 medium and small enterprises throughout the country through the mobilization of locally available potentials. As a result, our local industry is now able to produce a large quantity of popular foodstuffs, and new vistas have opened up for the development of our light industry.

Throughout our country, the old "nominal capacity" was surpassed, new norms were created in all sectors of the people's economy, and labor productivity rose at a very rapid rate.

Thus, the 1958 gross industrial production value plan was fulfilled by 117 percent, a 40 percent increase over the preceding year.

The farmers of our country have fully supported the Party's agricultural policies, and with substantial assistance from our industry, they have demonstrated the superiority of the socialist cooperative enterprise by producing 3.7 million tons of food-grain crops, an output of one million tons more than in 1949.

As a result of these achievements in both industry and agriculture, in 1958 national income increased 30 percent over the 1957 level; and the material and cultural living standards of the people were further enhanced.

The 1958 State budget was successfully executed in accordance with the rapid development of the people's economy which occurred following the complete socialist transformation of 1958.

In 1958, the actual State budget revenue totaled 1,529,140,000 won, against an expenditure of 1,321,414,000 won. A total of 138,054,000 won beyond what the budget originally called for was disbursed for the development of the people's economy and for the enhancement of the life of the people. Nevertheless, there remained a revenue surplus of 207,726,000 won over expenditures.

The actual State budget revenue was 25.2 percent greater than the figure envisaged in the original budget revenue plan. An overwhelming proportion of the State budget revenue came from socialist enterprises. Actual revenue from these socialist enterprises was 1,429,889,000 won, 26.6 percent more than called for in the budget. The proportion of the revenue from socialist enterprises to the total State budget revenue increased from 74.7 percent in 1956 to 82.2 percent in 1957 and 93.5 percent in 1958.

On the other hand, tax revenue from the people was reduced year after year, and its proportion to the total State budget revenue decreased from 8.8 percent in 1956 to 5.6 percent in 1957 and 2.3 percent in 1958; the tax revenue from the people amounted to only 35,648,000 won.

In 1958, revenue from the free aid and loans granted by fraternal nations totaled 63,603,000 won or 4.2 percent of the total State budget revenue compared with a corresponding proportion of 12.2 percent in 1957.

These figures constitute positive proof of the self-sufficiency of our national finances.

The successful execution of the 1958 State budget reflects the strength of the gallant innovation movement of the workers. The industrial products produced through the movement had a value of 217 million won more than the figure envisaged in the plan, and the average cost of products was reduced from the 1957 level by 8.6 percent.

The financial requirements for the unprecedented upsurge in the development of the people's economy and for the enhancement of people's welfare were satisfactorily met by ensuring a revenue surplus.

The State budgetary expenditure was executed by 111.7 percent, including 143,947,000 won of additional expenditure for the people's economy.

In full conformity with the Party economic policies, 74 percent of the total capital construction investment was devoted to productive construction, of which 62 percent was invested in heavy-industry construction, e.g., the metal industry, the machine industry and others.

The supply of a vast amount of funds to light industry facilitated the expansion of the production of daily necessities. Moreover, in addition to supplying a great amount of funds for the construction of large-scale irrigation systems, the State supplied irrigation funds to agricultural cooperatives in an amount 47 times as large as the amount supplied in 1957. Thus, the realization of water conservation in rural areas was further facilitated.

In 1958, large-scale housing construction was also carried out with State funds, and houses made available to workers and office employees had a total floor space of 2,240,000 square meters.

To promote the welfare of the people, in 1958 the State disbursed 34,746,000 won more than called for in the budget as expenditure for social and cultural affairs.

The State disbursed 22,155,000 won of budgetary funds for the construction and expansion of educational facilities. This expenditure satisfactorily ensured both the institution of the universal compulsory middle-school education system and the execution of preparatory work for the compulsory technical education system, as espoused by the Fourth Meeting of the Second Session of the Supreme People's Assembly.

The expenditure of 224,217,000 won for the operational cost of social and cultural organs [these presumably include the 34,746,000 won referred to above] further accelerated the development of educational, cultural, health, scientific, athletic, and social insurance and social security projects.

In 1958, the Party and the State also disbursed a huge amount of money to raise the net income of the workers.

A wage increase, averaging 10 percent, was put into effect at the beginning of the year; and on the occasion of the 10th anniversary of the founding of the Republic, a special bonus equivalent to 100 percent of one month's wages (the third bonus since the Korean War) was paid to workers and office employees. In addition, the workers and office employees benefited to the extent of 84 million won from retail price cuts on daily necessities and food-stuffs.

As a result, the life of the people became more comfortable and enjoyable.

On the basis of the enormous economic gains of 1958, the Party and the State again raised the wages of the workers and office employees and the scholarships of students an average of 40 percent, effective the beginning of 1959.

Deputies:

In 1959, new advances and innovations were also carried out in all sectors of the people's economy.

The main tasks of 1959 were to further consolidate the socialist relations of production which were already

victorious in our country, to overfulfill the First Five-Year Plan within the year, and to maintain the revolutionary upsurge so that the technical and cultural revolutions could be more rapidly facilitated in all realms of the people's economy.

During the first five years after the Korean War, our industrial production rose at an annual rate of 42 percent. In 1959, industrial production increased 53 percent over the 1958 level. The industrial production level envisaged under the First Five-Year Plan for 1961 had already been surpassed by 15 percent by the end of 1959.

As a result of the phenomenal development of the people's economy in 1959, the colonial imbalance of our industry was completely eliminated and the material and technical foundations of socialist industrialization were further consolidated.

In 1959 alone, the machine-tool production plan was surpassed by more than 13,000 machine-tools reproduced by other machines; these machine-tools were supplied to local industrial plants, enterprises in the agricultural sector, and agricultural cooperatives.

By further refining the experiences gained through the machine-tool reproduction movement, in 1959 our builders of socialism for the first time in our history produced 8-meter turning lathes, SN-20 lathes, 200-hp pneumatic compressors, 60-ton-class freight cars, high-speed crushers, etc.

At the same time, 2,646 advanced groups, embracing more than 50,000 workers, participated in the "winged-horse work-team" movement; indeed, 174 of these work teams have already won the honorable title of "winged-horse work-teams."

In 1959 alone, 80,000 skilled workers and managerial personnel were turned out in various sectors of the people's economy. At the same time, 17,000 tractor and truck operators and 8,000 electricians and mechanics were trained for the mechanization of agricultural operations and rural electrification. In the industrial sector alone, more than 40,000 inventions, original designs, and rationalization proposals were submitted, and more than 20,000 were actually introduced into production.

Pursuant to Party policy on the reorganization of the educational system and on the training of technical cadres, 15 colleges were newly established in 1959, and 86,000 technical cadres are being trained at more than 500 newly established technical schools.

To facilitate water conservation and the electrification and mechanization of agricultural operations, in 1959 2,6000 tractors, more than 300 trucks, and many other farm-machinery items and implements were supplied to rural areas. In addition, 7,000 generators, transformers, and electric motors and more than 144,000 tons of cement were supplied.

As a result, water conservation work has been basically completed, decisive gains have been made toward the end of rural electrification, and the material foundation necessary for the mechanization of agricultural operations has been further consolidated.

On the basis of this phenomenal development of the people's economy, the 1959 State budget was successfully executed, and State finances were further consolidated.

According to the preliminary final account of the 1959 State budget, it is expected that the revenue will be executed by 100.1 percent and the expenditure by 100.5 percent; this will yield a surplus revenue of 65,987,000 won.

The State budget revenue will increase 12.2 percent over the 1958 level.

Revenue from the socialist enterprises continues to account for the overwhelming proportion of the State budget revenue.

Last year [1959], a large amount of turnover tax due from local industrial plants was either reduced or completely eliminated in order to strengthen their material and technical foundations and to stimulate them to utilize local resources. In addition, to increase the net income of farmers, the State rendered a large amount of financial aid to agricultural cooperatives. Despite these measures, revenue from socialist enterprises is expected to be 11.6 percent greater than in 1958.

Despite the large wage increase for workers, technicians, and office employees, the tax revenue from the people was proportionally considerably less than in 1958.

The 1959 State budgetary expenditures are expected to be executed by 124.9 percent.

Expenditures for the people's economy and for social and cultural affairs increased 28.8 percent over the corresponding expenditures in 1958.

Among the expenditures for the people's economy, those for capital construction in various sectors of the people's economy increased 23.1 percent over the 1958 level; in addition, enterprise and organs mobilized and utilized a huge amount of their own funds and resources.

Continuously adhering to the principle of the priority development of heavy industry, we devoted [a large portion] of capital construction funds to the construction of heavy industry. As a result, numerous modern plants with modern equipment were built.

These plants include the Tongno-gang Power Plant, the No. 1 crude steel shop of the Songjin Steel Works, the Kusong Machine Tool Plant, the superphosphorous lime fertilizer shop of the Namp'o Smelter, the 2.8 Madong Cement Plant, the Hungsang Pottery Plant, the Wonsan and So-p'yongyang railroad plants, the Kilchu Plywood Plant, and the spinning shop of the Sinuiju Consolidated Textile Mill.

Enterprises utilized their own funds and internal resources to build many local industrial plants, including 13 provincial consolidated machine plants (toyong chonghap kigye kongjang), 30 city- and kun-operated paper mills, and 66 food-processing plants.

Upholding the motto of the Party, "Iron and Machines are the Kings of Industry," in 1959 our industry increased output of the means of production by 60 percent over the 1958 level.

Light industry and especially local industry have made big strides on the basis of the further strengthening and development of the material-technical foundations of heavy industry.

There has been a considerable qualitative change in the composition of the fixed assets of city- and kun-operated enterprises. In 1959, the gross value of the fixed assets of these enterprises increased to 6.9 times the 1958 level, and their working capital increased to 10.3 times the 1958 level.

This rapid development of local industry, effected through the maximum mobilization of local resources and potentials, has greatly contributed to a rapid increase in the production of daily necessities and materials for rural construction. This has helped to create favorable conditions for allocating more State funds to the construction of heavy industries.

In 1959, the production value of local industry increased 120 percent over the 1958 level; and local industry's share in the output of consumer goods increased from 28 percent in 1958 to 39 percent in 1959.

The State budget also allocated a large amount of funds to realize the rapid development of the agricultural economy.

Last year [1959], the State funds supplied for construction in the agricultural economy were 2.1 times the corresponding amount in 1958; these funds were used for the construction of various large-scale as well as medium and small-scale irrigation projects, including the first stage of the Kiyang irrigation system in P'yongan-namdo, and irrigation projects in the Yalu River and Taeryong-gang regions.

In addition, the State granted an enormous amount of financial aid to agricultural cooperatives to augment the resources used by the cooperatives for productive construction.

As a result, an additional 220,000 chongbo of land was brought under irrigation, raising the total irrigated land area to more than 800,000 chongbo. Thus, water conservation work in our agricultural economy has been basically completed, and farm land has been enriched and made invulnerable to natural disasters.

In addition to the economic upsurge, the cultural revolution was also vigorously carried out in 1959.

To accelerate the cultural revolution, the State supplied funds from the State budget for social and cultural affairs in an amount 58.7 percent greater than in 1958.

Expenditures for education increased by 44 percent over the 1958 level, making it possible to successfully carry out the preparatory work for compulsory technical education.

In conformity with the Party policy of linking education with productive labor, the State also disbursed funds for the operation of experimental plants by various schools.

In addition to the expenditure for education, expenditures for science, health, physical education, social insurance and social security increased considerably; and the State concerned itself with the education of preschool children and the rearing of babies.

In 1959, kindergartens and nurseries with a total floor space of 111,000 square meters were built with State funds, and more than 164,000 children are being happily reared under the care of the State.

On the basis of the unprecedented economic development of 1959, the Party and the State rendered many additional benefits to the people through wage increases, tax reductions, and exemptions of dues payable to the State.

As mentioned previously, wages of workers and office employees and scholarships for students and research students were raised as of 1 January 1959; furthermore, in accordance with the decision of the Fifth Meeting of the Second Session of the Supreme People's Assembly, held at the beginning of 1959, the rate of the agricultural tax-in-kind was reduced to 8.4 percent from the previous average of 20.1 percent. This measure was followed by a reduction and/or exemption of the tax-in-kind and of the loans payable to the State by some agricultural cooperatives.

In March 1959, measures were taken to completely eliminate the tuition which had heretofore been paid by students.

At present, free education is available to all students at all academic levels, and many of them also receive scholarships from the State.

Summer suits are distributed to all students in the summer, and winter suits are given to college, university, and higher specialized school students in the winter.

In 1959, the cash wages of the workers and office employees increased by 43 percent over the 1958 level; at the same time, their real wages surpassed the level envisaged for 1961 under the First Five-Year Plan. The real income of the farmers has also increased substantially.

#### On the Draft 1960 State Budget

Comrade Deputies!

The draft 1960 State budget has been worked out in such a way as to meet all the financial requirements of the economic tasks to be implemented in the adjustment period.

As pointed out by the December 1959 Expanded Session of the Party Central Committee, the central tasks of the adjustment period are to relieve the tensions created in some economic sectors in the course of implementing the 1959 economic plan, to strengthen weak economic links, and to further improve the living conditions of the people.

To meet the financial requirements of these tasks, the 1960 State budget provides for increased expenditures for heavy industry, and especially the machine-building industry, with a view to consolidating the material-technical foundation of the machine tractor stations and increasing the output of farm-machinery and farm implements by all available means. Thus, the mechanization of agricultural operations will be facilitated and agricultural production will be increased.

As for the improvement of the living conditions of the people, the present budget provides for considerably increased expenditures for social and cultural affairs; at the same time, funds will be concentrated on the construction of housing and cultural and welfare facilities, the development of the livestock industry, fisheries and the chemical fibre industry, and the production of consumer goods.

To obtain more foreign exchange this year, the budget allocates a large amount of funds to the mineral mining industry for the purpose of strengthening its material-technical foundation. At the same time, a greater amount of funds--more than in past years--will be allocated to enterprises producing export goods.

The financial requirements of the adjustment period will be met by realizing production increases through the exploration and mobilization of all available resources and through an increase of both labor productivity and the utilization rate of equipment. Moreover, a substantial financial reserve will be created by rectifying the economization system in the use of funds.

All these considerations have been taken into account in drafting the current budget.

The 1960 State budget provides for a total revenue of 1,967,522,000 won and expenditures of 1,900,184,000 won; thus, a revenue surplus of 67,338,000 won is envisaged.

These revenue and expenditure figures represent an increase of 14.6 percent and 15.1 percent, respectively, over the 1959 level [preliminary final account?].

#### State Budget Revenue

The decisive portion of the budget revenue is that from the socialist enterprises; this revenue is to increase 17.5 percent over the corresponding amount in the 1959 budget. The proportion of this revenue to the total State budget revenue is to increase from 93.5 percent in 1958 to 95.3 percent in 1960.

The tax revenue from the people is expected to account for 2.1 percent of the total State budget revenue in 1960 as against 2.3 percent in 1958.

The following is an itemized breakdown of the State budget revenue:

(1) Revenue from Socialist Enterprises ----- 1,875,288,000  
won

Including:

(a) Turnover tax ..... 1,127,143,000 won

(b) Profit of State  
Enterprises ..... 283,247,000 won

(c) Revenue from cooperative  
groups ..... 26,267,000 won

(2) Tax revenue from the people .. 42,234,000 won

(3) Free foreign aid and loans from  
fraternal nations ..... 50,000,000 won.

The turnover tax accounts for 57.3 percent of the total State budget revenue and is determined primarily on the basis of the increased production and sales of industrial products.

In order to continuously strengthen the economic foundations of local industrial enterprises and to stimulate them to utilize local resources, the State budget this year provides for a reduction and exemption of turnover tax of more than 18,700,000 won for local industrial enterprises; however, the revenue [from turnover tax] is expected to rise by 24.7 percent over the 1959 level.

The revenue from the profits of State enterprises mentioned above is a part of the total estimated profit of these enterprises: 450,562,000 won. The remainder, 167,315,000 won, will be left at the disposal of the enterprises and economic organs in order to stimulate their interest in strengthening the independent accounting system and in the fulfillment of profit plans.

This amount of profit left at the disposal of the enterprises and economic organs will be used mainly for capital construction investment in the expansion of their productivity, for increasing their working capital, and for meeting the cultural and welfare needs of their workers.

This year, the profits of city- and kun-operated enterprises is expected to rise to 156.3 percent above the 1959 level.

In accordance with the Party policy of "ensuring expanded reproduction with your own earnings" these enterprises are required to pay only 10 percent of their profit toward the State revenue, retaining 90 percent to strengthen their economic foundations.

The revenue from cooperative groups represents an increase of 9.2 percent over the 1959 level. This rate of increase was determined on the basis of the anticipated rapid rise in cooperative industrial production and commodity circulation in rural areas.

The scope and structure of the 1960 State budget revenue are firmly based on the rapidly developing material-technical foundation of the people's economy; and the budget constitutes an accurate reflection of the superiority and strength of the socialist system.

### State Budgetary Expenditures

State budgetary expenditures are to increase 15.1 percent over the 1959 level.

Expenditures for the people's economy and for social and cultural affairs account for 87.9 percent of the total State budgetary expenditures. Of special significance is the marked increase in the expenditures for social and cultural affairs which are closely related to the improvement of the living conditions of the people.

The following is an itemized breakdown of State budgetary expenditures:

For the people's economy .....	1,168,326,000 won
For social and cultural affairs .....	501,982,000 won
For national defense .....	61,600,000 won
For the maintenance of the State sovereign and control organs .....	63,276,000 won
For reserve .....	100,000,000 won

Expenditures for the people's economy are to be 3.7 percent greater than the corresponding expenditures in 1959.

Even with the allocation of a much greater amount of funds for social and cultural affairs, this year capital construction investment will increase by 1.5 percent over the 1959 level.

The scope and distribution of capital construction funds have been determined in full conformity with the economic tasks to be implemented in the adjustment period.

The total sum of capital construction investment in 1960 will be 524,492,000 won, of which 484,062,000 won will be financed out of the State budget; the enterprises and economic organs themselves will finance the remainder by using their own profits, depreciation funds, and internal resources.

Capital construction investments for the people's economy will be mainly concentrated on the mechanization of agricultural operations, in fisheries, the chemical fibre industry, the mineral mining industry, and, especially, in housing construction. Large-scale construction will be continuously carried out in other sectors to maintain the priority development of heavy industry.

As for the power industry, the construction of large power plants currently under way, such as the Kanggye Youth Power Plant, the No. 5 Power Station of Changjigang, and the Wunbong Power Plant, will be continued.

A total of 6,875,000 won is allocated for the development of the chemical industry, and this will be concentrated on the expansion of the base of the chemical fibre industry.

Projects to be completed with these funds this year include the expansion work on the 6,000-ton-capacity vinyl chloride shop of the Pon'gung Chemical Plant, the 40,000-ton-capacity sulfuric acid shop of the Hungnam Fertilizer Plant, the Aoji Chemical Plant, and the penicillin shop of the Sunch'on Pharmaceutical Plant. In addition, the construction work on the synthetic-fibre shop of the Pon'gung Chemical Plant will be further accelerated.

The mineral mining industry, which occupies a very important place in regard to the acquisition of foreign exchange, has been allocated a total of 53,865,000 won.

With the allocation of these funds, geological surveying and pit construction work will be actively facilitated and ore-dressing capacity and extraction facilities will be further expanded.

To meet the steel requirements of the people's economy, the metal industry will carry out expansion work on the rotary-furnace shop of the Ch'ongjin Steel Works, the coking oven shop of the Hwanghae Iron Works, the non-ferrous-metal rolling mill of the Namp'o Smelter, and the zinc and lead smelting shop of the Munp'yong Smelter.

In order to facilitate the mechanization of agricultural operations, the machine industry has been entrusted with the task of producing various modern farm implements suitable to the conditions of our country. To this end, the machine industry in the heavy industrial sector alone has been allocated 17,180,000 won of capital construction funds.

This year, the tractor shop of the Kiyang Machine Plant and the casting shop of the Tokch'on Automobile Plant will be expanded, and thousands of tractors and trucks will be produced by our own industry. The total output of farm machinery and farm implements will increase this year by more than 256 percent over the 1959 level.

To increase the output of good-quality fabrics in the light industry sector, efforts shall be concentrated on the expansion of the Ch'ongjin Spinning Mill, so that its staple fibre plant will be completed this year; moreover, the construction of the spinning shop and weaving shop of the Sinuiju Consolidated Textile Mill and the weaving shop of the Kusong Textile Mill will be actively facilitated so that these new shops may start operation in whole or in part. In addition, flax-and hemp-refining plants will be newly established.

To strengthen the material-technical foundations of fisherise and to increase the output of fish products, a sum of 10,244,000 won of capital construction funds will be supplied to the fisheries sector. This fund will be used to actively facilitate the construction of fish-cultivation (yangsik) and fish-breeding stations, to expand refrigeration and processing facilities, and to strengthen repair work on ships.

This year, fresh-water and "hamsu" fish breeding will be expanded, and marine products of high nutritional value, such as laminarian sea weed, laver, oysters, and sea slugs, will be cultivated in 10,000 chongbo of shallow waters.

A total of 95,542,000 won has been allocated to agriculture.

These funds will be primarily utilized to strengthen the material-technical foundations of machine-tractor stations; however, a considerable proportion of these funds will also be utilized to strengthen the livestock industry of State agricultural-livestock farms.

The machine tractor stations will spend 25,490,000 won this year for the procurement of tractors and truck; this amount is 2.4 times the corresponding expenditures in 1959.

With a large sum of State investment, machine tractor stations in various localities will be supplied many items of modern farm machinery, and the variety and scope of the operations they perform will be considerably expanded.

To realize a radical increase in the production of supplementary foodstuffs, the State will allocate a great deal of money for the construction of stables with a total floor space of more than 300,000 square meters as well as for the construction of hot beds and hot houses to ensure the stage-by-stage planting of vegetables.

In addition, a large amount of State funds, as well as the agricultural cooperatives' own funds, will be supplied for construction in rural areas by agricultural cooperatives.

To enhance the accommodations of the workers, the State will build more than 81,500 dwelling units this year.

To this end, the State budget allocates 111,645,000 won, more than twice the amount supplied in 1959. As a result, many workers will receive modern cultural dwellings with a total floor space of 3,300,000 square meters.

The draft State budget also earmarks 93,333,000 won to augment the working capital of the enterprises and economic organs of the people's economy and of the social and cultural sector.

With increased production and circulation, in 1960 the normal amount of working capital to be retained by enterprises and economic organs will rise by 13.5 percent over the 1959 level.

A total of 332,952,000 won will be secured by the enterprises and economic organs from their own funds and from loans from banks, and the State will supply remainder from the State budget.

In the planning of working capital, this year, the acceleration of the velocity of working-capital revolution will yield a saving of more than 7,000,000 won in industry alone.

The 1960 draft State budget also envisages 594,025,000 won of operating cost (saoppi). These funds will be disbursed primarily for stockpiling supply reserves, for compensation for food-grain procurement and sales, for

the management of cities and the maintenance of public facilities, and for the protection and cultivation of economic forests.

Expenditures for social and cultural affairs in 1960 will be 1.3 times the 1959 level and more than 4.1 times the 1956 level; and they will account for 26.4 percent of the total expenditures, compared with 23.7 percent in 1959.

The following is an itemized breakdown of these expenditures:

- (1) Educational and cultural affairs ... 219,435,000 won
- (2) Scientific work ..... 12,445,000 won
- (3) Public health ..... 119,780,000 won
- (4) Athletic programs ..... 7,976,000 won
- (5) Social insurance and social security 46,160,000 won

In addition to these items, 66,250,000 won will be disbursed as capital construction funds for the construction and expansion of social and cultural organs and facilities, including schools, hospitals, nurseries, theaters, and movie houses.

As a result, various cultural and welfare facilities will be built in various localities of the nation. In particular, the following will be completed in the capital city of P'yongyang: the Central Museum of the Struggle for Liberation (Chung'ang Taebang T'ujaeng 'angmulgwan), designed to instruct the people in the revolutionary tradition of our Party; the Central Library of Science (Chung'ang Kwahak Tosogwan) with a total floor space of 14,000 square meters; a large theater with 2,000 seats; an acrobatic theater with modern equipment; a children's palace with a floor space of 25,000 square meters; Moranbong Stadium with a seating capacity of more than 40,000 people; a printing combine which will revolutionize the printing industry in our country; and numerous modern hospitals, schools, movie houses, and suburban recreational centers.

The expenditures for educational and cultural affairs [219,435,000 won] have been increased by 23.1 percent over the 1959 level in order to adequately meet the cost of linking education with productive labor, strengthening the material foundations of schools of all levels, and facilitating the institution of compulsory technical education and the reorganization of the present educational system.

Student enrollment this year is expected to reach more than 2.5 million, and students will be studying entirely at the expense of the State.

A considerable portion of these expenditures (12,423,000 won) has been allocated to the education of preschool-age children. Kindergartens to be built with State funds this year will be 107.3 percent above the 1959 level in terms of seating capacity.

Expenditures for scientific work are to increase 9.8 percent over the corresponding expenditures in 1959.

In planning the use of these funds, it is anticipated that most of the scientific-research organs will be operated under the independent accounting system; this will link their research more closely with production and enhance the effectiveness and the sense of responsibility on the part of these organs in regard to the application of their research to production.

Thus, in addition to what has been allocated through the State budget, scientific research organs will mobilize and utilize 3,020,000 won of their own funds.

Expenditures for public health will increase by approximately 30 percent over the 1959 level. These funds will be used primarily for the expansion of public-health networks, especially the nursery network, and for the enhancement of medical aid and hygienic work for the people.

In 1960, the number of hospital beds will increase by eight percent, and the number of outpatient organs will increase by 23 percent.

Nurseries to be built with State funds this year will be 77.6 percent above the 1959 level in terms of the number

of beds. Moreover, more than 202,000 children are to be reared under the care of the State, thus helping working mothers to participate in the labor front.

Expenditures for social insurance and social security are to increase 4.1 percent over the corresponding expenditures in 1959.

This year, approximately 300,000 workers will benefit from rest homes under the social insurance system, and those covered by social security will draw increased benefits from the State.

The draft State budget also reflects the peaceful nature of the policy of the Party and the State and their belief in the principle of the peaceful unification of the Fatherland. Thus, the expenditures for national defense are 3.1 percent lower than in 1958 and 0.1 percent lower than in 1959.

The proportion of defense expenditures to the total State budgetary expenditure decreased from 4.8 percent in 1958 to 3.2 percent in 1960; thus, the budget fully reflects the aspirations of the people for peace.

In accordance with our Party's policy of economizing budgetary expenditures by boldly reducing unproductive State control organs, the 1960 State budget allocates an amount of funds 18.3 percent less than in 1958 and 8.1 percent less than in 1959 for the maintenance of State sovereign organs and control organs. The proportion of these expenditures to the total State budgetary expenditure decreased from 4.2 percent in 1959 to 3.3 percent in 1960.

The State budget allocates 5,000,000 won for the repayment of principal and the payment of prize bonds in connection with Economic Development Bonds.

As you all know, these bonds were issued in May 1950 in the amount of 2,377,300,000 won in the currency of that time. The funds obtained through the issuance of these bonds have been most effectively utilized for expanded socialist reproduction and for the promotion of the living standards of the people.

Even during the trying war period, the State redeemed these bonds every year on the dates specifically provided for in the ordinance concerning the issuance of bonds. Through 1959, [regular?] lotteries were conducted a total of 14 times and lotteries for the repayment of the principal of these bonds were conducted on five occasions. The remaining balance will be completely paid off in 1960.

The draft State budget also provides for a reserve fund of 100,000,000 won; this fund will be used primarily for additional expenditures for the people's economy and for social and cultural affairs.

#### Local Budget

The local budget, which is included in the State budget, has been greatly increased with the victory of the socialist production relations in urban and rural areas, the transfer of many powers over the management of the economy to local-government authorities, and the development of local industry.

The wise measures taken by the Party to reorganize the industrial management system and to establish a separate local industrial system have effected a great transformation in the economic life of our country and have played an important role in realizing a rapid improvement in the material and cultural life of the people and in fulfilling the First Five-Year Plan two and a half years ahead of schedule.

With the growth of local industry, there has been a corresponding increase in the scale of the local budget, and the content of this budget has undergone significant changes.

The draft State budget provides for 726,137,000 won for local budget revenue and for local budget expenditure.

The local budget has grown very rapidly, and the proportion of this budget to the total State budget has in-

creased from 16.0 percent in 1958 to 24.3 percent in 1959 and 32.9 percent in 1960.

The outstanding characteristic of this year's local budget is that all but two provinces, Yanggang-do and Chagang-do, will have a large revenue surplus even after meeting all the expenditures with their own revenues; this surplus has been achieved inspite of the fact that, as recently as last year, subsidies and separate allocations (pungyogum) had to be granted to most of the provinces, cities, kun, and boroughs.

For example, last year there were only seven cities and kun in P'yongan-namdo which met their expenditures with their own revenues. This number has increased to 23 cities and kun this year.

This indicates that the financial independence of local-government organs has been further strengthened and that the over-all financial and economic foundation of our country has been consolidated to an unprecedented extent over all segments of the budget structure.

In the light of various economic and cultural tasks set forth by the December 1959 Expanded Session of the Party Central Committee to be carried out by individual provinces in 1960, the scope of provincial budgets has been determined as follows:

P'yongyang City .....	168,387,000 won
P'yongan-namdo .....	79,147,000 won
P'yongan-pukto .....	70,209,000 won
Chagang-do .....	33,750,000 won
Hwanghae-namdo .....	65,849,000 won
Hwanghae-pukto .....	42,608,000 won
Kangwon-do .....	53,675,000 won
Hamgyong-namdo .....	105,014,000 won
Hamgyong-pukto .....	65,972,000 won

Yanggang-do ..... 23,704,000 won  
Kaesong City ..... 17,822,000 won

The overwhelming proportion of the local-budget revenue is accounted for by the revenue from local enterprises and organs operated under the jurisdiction of local government organs; this revenue will account for 93.5 percent of the total fixed local-budget revenue.

With the expansion of the powers [of local government organs] over local economic development and local cultural construction, the expenditures for the people's economy and for social and cultural affairs have also increased considerably. These expenditures account for 91.6 percent of the total local-budget expenditures in 1960.

Expenditures for the people's economy amount to 261,217,000 won; this is 3.9 percent more than in 1959 and 9.8 times the expenditures in 1956.

Expenditures for the people's economy will be used primarily for the expanded reproduction of the local economy, the construction, maintenance, and repair of houses, and the afforestation and protection of economic forests.

The local budget allocates 210,468,000 won for social and cultural affairs, an increase of 22.7 percent over the corresponding expenditures in 1959.

These expenditures will be used primarily for the enhancement of the living standards of the people, the basic task of the adjustment period, and for the acceleration of the institution of compulsory technical education.

As described above, based on the powerful economy of our nation, the State budget will satisfactorily meet the financial requirements of the people's economy and of cultural construction in 1960; thus, we shall meet the beginning of the Second Five-Year Plan with a substantial financial reserve.

[Reference to the national budget of South Korea, pages 14-16, has not been extracted here.]

It is the task of the State budget to maximize the cash resources required for the implementation of the tasks of the adjustment period and to ensure the correct distribution of a sufficient amount of funds to the sectors whose problems most interest our Party.

The first requirement is that all the workers fulfill their legal obligation of realizing the plans for the people's economy unconditionally, that discipline and order be strengthened in all sectors of the people's economy, and that all workers possess the revolutionary spirit to overcome every difficulty and bottleneck in the course of implementing the revolutionary tasks presented by the Party.

All the economic sectors should firmly uphold the motto of our Party, "Higher Output with Existing Labor Force and Existing Facilities," and fulfill the economic tasks of each index for each day, month, and quarter. In this way, the State budget revenue will be adequately ensured.

In ensuring the State budget revenue, it is important that light industrial enterprises, especially local industrial enterprises, exert their utmost efforts. The light industrial enterprises and local industrial enterprises are to account for 79.9 percent of the total turnover tax revenue, an overwhelmingly important source of State budget revenue.

For this reason, the success or failure of these enterprises in fulfilling their production and sales plans will have a decisive bearing on the over-all State budget revenue.

These enterprises should, therefore, fully understand the importance of their role in ensuring the State budget revenue; they must mobilize all available internal resources, as well as local resources, and produce more inexpensive and high-quality daily necessities in order to further increase the State budget revenue.

The enterprises in the heavy industrial sector should expand those of their shops which specialize in the production of daily necessities. They will thus be able to produce more for the people and make a greater contribution to the State budget revenue.

Discipline and order should be strengthened in the raw-material supply system in all the sectors of the people's economy. In addition, price and contract provisions should be fully observed, and the rail transport sector should take timely measures to meet the rapidly increasing transport requirements of the various sectors of the people's economy.

A second important requirement is to strength the independent accounting system.

The leaders of the economy should enhance their knowledge of enterprise management and should know how to organize profitable enterprises under any circumstances or conditions. This will strengthen the independent accounting system in all the economic sectors and allow for the introduction of the internal accounting system on a large scale in the operation of shops.

This year, city- and kun-operated enterprises, marine transport enterprises, fisheries enterprises, construction enterprises, State agricultural-livestock farms, and machine tractor stations should strictly ensure a [profitable] balance; these enterprises should be transformed so that they will yield greater profits for the State.

Reduction of the cost of products and the cost of construction constitutes an important prerequisite for strengthening the independent accounting system and for increasing the level of State accumulation.

The reduction of costs in the industrial sector by only one percent from the planned level this year would, in itself, yield a huge saving to the State; this saving would be equivalent to the value of 1,000 tractors and 1,000 trucks.

To reduce costs, it is essential to raise labor productivity and to increase the utilization rate of facilities. In all the sectors of the people's economy, and especially

in agriculture, the organization of production and labor should be improved and a mass campaign should be carried out to increase the per worker production value. Every enterprise should decisively increase the production value per worker by facilitating mechanization and by raising the level of labor productivity.

We should also intensify our struggle for economization. All enterprises and construction firms should more effectively utilize electricity, coal, steel materials, lumber, food grains, and other supplies. The consumption norms for fuel, raw materials, and supplies should be systematically lowered; administrative costs and other unproductive expenditures should be positively reduced; and waste due to defective construction work and the production of defective goods should be decisively eliminated.

To ensure greater economic efficiency with the expenditure of a smaller amount of funds, the retention period of working capital should be shortened so that the velocity of the revolution of working capital can be accelerated.

In this connection, it should be emphasized that the allocation of excessive amount of supplies to some enterprises and too little to others should be completely eliminated, and order and observance of regulations should be firmly established in the supply system.

The construction sector is the recipient of large expenditures from the State budget. It should, therefore, establish a strict economization system, decisively improve the quality of its designs and construction work, and concentrate efforts on key construction projects. It will thus accelerate initial operations.

To effect rapid progress in the people's economy and to enhance the life of the people, it is very important that we acquire more foreign exchange and realize greater economy in its use.

To expand the varieties of export goods and to improve their quality, mineral mines, pottery plants, and other export-goods-producing enterprises and procurement organs should improve their work.

At the same time, imported equipment and machinery should be well cared for and utilized at a high rate. In addition, efforts must be made to replace imported goods with indigenous products and to obtain and economize more non-trade foreign exchange.

We should also actively promote the State insurance and savings system among the workers.

Subscription to the State insurance and savings system by the workers would not only supply additional funds required for the development of the people's economy, but would also greatly contribute to the prevention of natural disasters and unexpected calamities and to compensation for the loss of resources caused by them.

It is also necessary to enhance the role of financial organs.

Financial organs should regularly examine and analyze the activities of enterprises and economic organs and take appropriate measures whenever called for; this will render positive assistance to those enterprises and economic organs in fulfilling and overfulfilling their plans.

In addition, the financial inspection system and internal inspection system within enterprises and economic organs should be further strengthened. All financial irregularities should be eliminated, and a revolutionary order and system should be established in the management of financial matters.

In the execution of the 1960 State budget, it is very important to enhance the role of local government organs.

The powers exercised by local government organs over economic organs have been enlarged, local industry has developed at a rapid pace, and the scope of the local budget has expanded rapidly. In view of these developments, the tasks to be performed by the local people's councils in connection with the execution of the 1960 State budget are indeed great.

This year, local industry will account for 54 percent of the total output of consumer goods and for 37.5 percent

of the total turnover tax revenue contributed to the State treasury. The people's councils at all levels should, therefore, enhance the management level of their enterprises and economic organs, strengthen their material-technical foundation, and increase the return from the operation of these enterprises and organs.

At the same time, the local government organs should also strengthen their guidance of agricultural cooperatives. Agricultural cooperatives should utilize all available lands, raise the utilization rate of these lands, and effect a decisive increase in the output of food-grain crops.

At the same time, the cooperatives should fulfill and overfulfill their production plans for vegetables, livestock products, and various industrial crops and oil crops, so that the rapidly increasing demand for industrial raw materials, food grains, and supplementary foodstuffs can be satisfactorily met.

The financial foundations of agricultural cooperatives should be further consolidated in order to ensure the successful mechanization of agricultural operations. At the same time, an orderly system and observance of regulations should be firmly established in the financial management of agricultural cooperatives.

Today, everywhere in our country, in cities and in rural villages, we are continuously advancing with the speed of a "winged horse." Since the beginning of the new year [1960], our people have been waging an earnest labor struggle.

The heavy industrial sector fulfilled the January gross industrial production value plan by 103 percent, and light industry under central management [in contradistinction to local management] fulfilled its plan by 100.9 percent.

It is my firm conviction that all the people of Korea will unite around the Party Central Committee and the Government headed by Comrade Kim Il-sung and ensure the successful execution of the 1960 State budget by fulfilling and overfulfilling the economic plans for 1960. (Chaejong Kumyung, No. 3, March 1960, pages 4-19)

## Budget Implementation in the Adjustment Period

[The following are excerpts from an editorial entitled, "To correctly Implement the State Budget in the Adjustment Period," Chaejong Kumyung, No. 3, March 1960, pages 1-3.]

The Seventh Meeting of the Second Session of the Supreme People's Assembly, which was convened recently, approved the final account of the execution of the 1958 State budget and adopted an act concerning the 1960 State budget.

The final account of the 1958 State budget and the preliminary final account of the 1959 State budget clearly indicate that the State budget has been consolidated in accordance with the upsurge in socialist construction.

During the five years after the [Korean] War, our industrial production increased at an average rate of 42 percent a year; in 1959, it increased 53 percent, thus surpassing by 15 percent the level of industrial production envisaged for 1961 under the First Five-Year Plan.

In the cooperativized agricultural economy, water conservation has been basically completed, and substantial progress has been made in mechanization and electrification; thus, a phenomenal increase in agricultural production has been realized.

As a result of this phenomenal development of the people's economy, the 1958 and 1959 State budgets have not only satisfactorily met the financial requirements of socialist industrialization but have also ensured the satisfactory execution of our Party policy aimed at the improvement of the livelihood of our people. As a result, the real wages of workers and office employees surpassed the level envisaged for 1961 under the First Five-Year Plan, and the net income of the farmers has also increased considerably.

The 1960 State budget recently adopted by the Supreme People's Assembly calls for an increase of 14.6 percent in revenue and 15.1 percent in expenditures over the estimated final account of the State budget of the preceding year [1959]; at the same time, the 1960 budget calls for a revenue surplus of 7,338,000 won.

Revenue from the socialist economy accounts for 95.3 percent of the total State budget revenue, while tax revenue from the people accounts for only 2.1 percent.

Of the total State budgetary expenditure, expenditures for the people's economy and social and cultural affairs accounts for 87.9 percent, and expenditures for national defense and for the administrative cost of State sovereign organs (chugwon kigwan) and control organs account for only 3.2 percent and 3.3 percent respectively.

With the reorganization of the industrial management system, and with the rapid development of local industry on the basis of the wise policy of our Party, the local budget has also been consolidated; and even after the vast financial requirements were met, there was a revenue surplus in all but two provinces.

The State budget for this year has been planned both to meet the financial requirements of the basic tasks to be carried out in the adjustment period and to create the State accumulation funds and reserves required for the implementation of the Second Five-Year Plan.

To successfully execute this budget, all the leading workers, especially the financial and bookkeeping workers, should take the necessary organizational measures to carry out Party policies unconditionally.

First, these workers should adjust their working methods to meet the new requirements.

At the December Expanded Session of the Party Central Committee, Comrade Kim Il-sung stated that "the fundamental defect in the work of our people's councils is the failure to tailor their work to new circumstances."

At present, many local financial workers are not yet aware of the significance of the fact that the socialist production relations have become the sole relations in both urban and rural areas, that local industry has developed and expanded, and that many powers [formerly exercised by the central government] have now been turned over to local authorities.

The result is that they are still following outdated working methods. Without making an effort to perform a concrete analysis of the planning task, they simply remain in their offices and carry out their work according to the empirical-statistical method.

They do not personally visit the enterprises and economic organs to acquaint themselves with the concrete conditions; nor do they adequately utilize the economic analytical data submitted to them. As a result, they tend to regard the granting of loans without prior study of requests for loans as an aid to the enterprises requesting such loans; at the same time, they tend to repeatedly demand the payment of loans or payments due the State, when such payments are not made on schedule, without looking into the causes of delay in payment and taking appropriate measures to eliminate these causes. It is very clear that these formalistic and bureaucratic working methods are detrimental to our work.

The need to improve working methods is especially great this year in view of the [increased] proportion of the local budget to the total State budget. This increase calls for the enhancement of the role played by the local financial workers.

As Comrade Kim Il-sung has pointed out, another important requirement is "to strengthen the independent accounting system in all enterprises in all economic sectors and, through a continuous struggle to eliminate waste, to render benefits to the State instead of losses."

[To help enterprises strengthen their independent accounting systems], financial and bookkeeping workers should conduct economic analyses on a regular basis and improve the quality of these analyses. In addition, they should visit the enterprises to examine their manner of utilizing labor, funds, and supplies and to explore the possibility of an improved utilization of these resources.

First, the control over the consumption of supplies, which account for a high proportion of costs, should be strengthened. This is especially important in regard to imported goods. The fulfillment of the consumption norm for supplies per unit of products should not only be ensured but should also be systematically lowered. At the

same time, the enterprises should be guided to avoid losses due to the production of defective goods or due to loss, corrosion, or spoilage.

In addition, various unproductive expenditures, e.g., the payment of fines, or fees for the violation of contracts or for delays in deliveries, should be examined from time to time, and appropriate measures should be suggested for the elimination of these expenditures.

Local industry should be aided to utilize local resources by all available means.

The internal accounting system is an important means of strengthening the economization system and of reducing costs in enterprises. All financial and bookkeeping workers should, therefore, make it an important part of their work to improve and strengthen the internal accounting system in individual enterprises. In this way, all the workers will come to understand how to transform their enterprise into a profitable one.

The accurate execution of the State budget for this year calls for further rectification of financial regulations. To this end, the responsible workers in individual enterprises should be guided to observe these financial regulations in a self-conscious manner.

Financial organs and banks should guide the responsible workers to observe all financial regulations, including the payment of income from trade, as well as their other obligations to the State. Such controls should be exercised by the superior organs over their subordinate organs.

Discipline and order should be maintained in individual enterprises in bookkeeping work and in the storing of supplies.

Unless an accurate bookkeeping system is established by individual enterprises, they are bound to violate financial regulations; the waste of State property may be unwittingly condoned and the effective utilization of supplies, funds, and labor will be thwarted.

In addition, expenditures beyond the budgetary limit, or the use of funds for other purposes than those provided for in the budget, should not be permitted. The storing of supplies beyond the prescribed normal period should be prevented, and the revolution of working capital should be accelerated by accelerating the sales of products.

To ensure orderly financial management in enterprises, the financial organs should enhance their role and improve the quality of their supervision and inspection; moreover, they should actively facilitate the internal inspection system (naebu komyol saop) within enterprises. (Chaejong Kumyung, No. 3, March 1960, pages 1-3)

#### Accumulation and Consumption in the 1960 State Budget

[The following are excerpts from an article by An Kwang-jup, "Accumulation and Consumption in the 1960 State Budget," Chaejong Kumyung, No. 3, March 1960, pages 20-23.]

It is highly important to correctly recognize the mutual relations between accumulation and consumption and to ensure a balance between these elements in the implementation of the tasks of the adjustment period. This balance between accumulation and consumption will decisively determine the acceleration of socialist industrialization and the enhancement of the material and cultural living standards of the people--the basic problems to be solved in the course of the building of socialism.

Since our State budget plays a decisive role in the distribution and redistribution of national income in our country, it constitutes an important tool in realizing the Party policy of striking a balance between accumulation and consumption.

The principal portion of the production expansion fund, which is the most important of the accumulation funds, consists of capital construction investment and a portion of working capital disbursed out of the State budget. The overwhelming proportion of the expansion of

cultural and welfare facilities, e.g., houses, schools, hospitals, and theatres, is carried out with funds supplied from the State budget for the nonproductive sectors.

To ensure a constant process of reproduction, the State budget also provides reserve funds and insurance funds in the form of a supply of funds for the creation of material reserves, reserve funds in both the central and local budgets, surplus revenue over expenditure, etc.

The State budget also plays an important role in the formation of the joint consumption funds of society. Expenditures for education, health, science, and the arts are primarily ensured by the State budget. The State budget also disburses various consumption funds, e.g., social security and social insurance funds, the State administrative cost fund, etc.

In addition, by being in direct relation to the wages of the workers and office employees and the prices of consumer goods and various services, the State budget is also in close relation to consumption by individuals. At the same time, it uses taxation to adjust a portion of their income. Thus, the State budget is intimately related to all the elements of accumulation and consumption.

In addition to the continued priority development of heavy industry, the 1960 State budget has been formed with a view to ensuring all the central tasks of the adjustment period: acceleration of the mechanization of agricultural operations, enhancement of the living standards of the people, enhancement of labor productivity and the utilization rate of facilities, and mobilization of all available sources of foreign exchange.

The most important components in the use of budget funds are the expenditures for the people's economy and especially those for capital construction investment. The capital construction funds earmarked for this year total 524,492,000 won, of which 484,062,000 won are to be supplied out of the State budget. This clearly indicates that this year, too, productive accumulation will take place on a large-scale.

Capital construction investment for productive construction is to be concentrated on the mechanization of agricultural operations and in the sectors of fisheries, the chemical-fibre industry, and the mineral-mining industry; moreover, to maintain the continuous priority development of heavy industry, a huge sum of money is to be disbursed for the power industry, the metal industry, etc.

An important characteristic of the 1960 State budget, in regard to the distribution of capital construction investment for productive construction, is that it reflects more clearly than ever before the postwar Party policy of building up light industry and agriculture and, at the same time, of concentrating -- even in the construction of heavy industry--upon those sectors which are directly related to the enhancement of the living conditions of the people.

Since production and circulation have grown, in 1960 the normal amount of working capital which may be retained by individual enterprises and economic organs is to increase by 13.5 percent over the preceding year. Of this increase, 332,952,000 won will be met by the enterprises and economic organs with their own funds and loans from banks, and the remainder will be financed through the State budget.

Together with funds for capital construction investment, the funds disbursed out of the State budget to augment the working capital constitute a financial asset which will ensure a further increase in production.

This year, there will be a huge amount of capital construction funds invested in the construction and expansion of housing and cultural and welfare facilities. The 1960 State budget earmarks 11,645,000 won for the construction of workers' dwellings and another 66,250,000 won for the construction and expansion of schools, hospitals, nurseries, theaters, and movie houses.

This phenomenal increase in capital construction investment for cultural and welfare facilities reflects the interest that the Party and the State have taken in the enhancement of the material and cultural life of the people in the adjustment period.

The creation of the State reserve (kukka vebi) constitutes an important type of socialist accumulation. In socialist production, the possession of a certain reserve is one of the essential requirements for ensuring a balanced development of the people's economy. With such a reserve, is it possible to prevent the cessation of the production process and to deal with the aftermath of natural disasters.

The more the people's economy develops the more reserves are needed; and it is possible to create such reserves. The 1960 State budget allots a considerable amount of funds to ensure material reserves for the State. The budget earmarks 100 million won, or 5.3 percent of the total budgetary expenditure, as a cash reserve, in addition to envisaging a revenue surplus of 67,338,000 won.

The most important item of expenditure in the consumption funds is the expenditure for social and cultural affairs. The 1960 State budget earmarks more than 400 million won for social and cultural affairs. This includes expenditures for education, scientific work, public health, and social insurance and social security. These expenditures are to increase by 23.1 percent, 9.8 percent, 30 percent, and 4.1 percent, respectively, over the corresponding expenditures in 1959.

At the same time that these expenditures for the betterment of the people's life are increasing, there have been further decreases in the proportion of tax revenue from the people to the total State budget revenue -- from 2.3 percent in 1958 to 2.1 percent in 1960. This will result in an increase in the wages of the workers and office employees and in the shares of the agricultural cooperative members; this increase will, in turn, raise the net income of the working people by a considerable amount.

The 1960 State budget envisages increased expenditures for the expansion of production and for the enhancement of the living conditions of the people. At the same time, it continuously reduces the expenditures for State administrative costs and for national defense, which now account for 3.3 percent and 3.2 percent, respectively, of the total budgetary expenditures.

The 1960 State budget allots 93.2 percent (including the reserve funds) of the total budgetary expenditures for the development of the people's economy and for the enhancement of the living standards of the people.

There are a number of important tasks which should be carried out for the successful realization of the increased accumulation and consumption envisaged in the 1960 State budget.

Since the sole source of both accumulation and consumption is the national income, the former cannot be systematically increased without a corresponding increase in the latter. It is well known that the national income is increased by two factors: (1) increase in the productivity of social labor and (2) increase in the working force engaged in material production.

However, since the Party has issued instructions that the working force should not be increased this year, any increase in national income must be realized by raising the level of labor productivity.

To increase the national income, it is also necessary to reduce costs; this, in turn, calls for the strengthening of the independent accounting system and the economization system.

In the 1960 State budget, the local budget accounts for 32.9 percent [leaving 67.1 percent for the central budget]. Accordingly, to ensure the successful execution of the 1960 State budget and to realize an increase in both accumulation and consumption, it is essential that the enterprises included in the local budget strengthen their struggle for the reduction of costs and for an increase in profits.

With the increase in accumulation and consumption funds in 1960 -- especially in the consumption funds -- the exchange balance will be considerably strained. The mining industry, as well as all other sectors, should, therefore, expand the sources of foreign exchange.

Both of these funds should be utilized effectively.

As for the utilization of accumulation funds, the existing production area and production facilities should be fully utilized in order to increase production without additional investment or with only a little additional investment; moreover, decisive measures should be taken to prevent the dispersion of investments over a wide range.

To achieve more output with less working capital, enterprises and economic organs should accelerate the revolution of working capital. According to the 1960 working-capital plan, industry alone is expected to save more than seven million won of financial resources by accelerating the revolution of working capital. To effect this acceleration, the masses should be mobilized into a competitive movement concerned with this task.

As for the utilization of consumption funds, it is important to make decisive reductions in unproductive expenditures. This is particularly important in regard to expenditures for the maintenance of State administrative organs and control organs. These organs should reorganize and boldly simplify their unproductive managerial structures. (Chaejong Kumyung, No. 3, March 1960, pages 20-23)

### Analysis of the Self-supporting Accounting System

[The following is a summary of an article "What is the Self-supporting Accounting System?" by Yi Ki-hong, Kyongje Chisik, No. 2, February 1960, pages 36-39.]

The December enlarged plenary session of the Party Central Committee proposed that drives for increased production and economization should be strengthened at each organ and enterprise and that their operation should be conducted on a sound economic basis. One of the most important keys to the successful implementation of this task proposed by the Party is the self-supporting accounting system.

This system represents a method which is used only in the Socialist states, including Korea, in operating an enterprise. The aim of this system is to obtain the maximum income at the minimum cost. Under this system, incomes and expenditures are computed and assessed in terms of currency value. For, in Korea all goods produced constitute commodities, and, consequently, the price principle is brought into play.

Under this system, an enterprise meets its expenditures for carrying on production with the income it obtains by selling the goods it has produced. This is the only way to stimulate an enterprise to raise its income by economizing and raising its output.

An enterprise is responsible for properly maintaining and utilizing the property it has received from the State. Under this system, if a loss is incurred through the failure of the enterprise to handle this property correctly, the enterprise rather than the State must make up the loss.

An enterprise must fulfill and overfulfill State plans in terms of various indices. At the same time, it must strictly observe established production norms, financial norms, prices, and contract provisions. However, the self-supporting accounting system is not a capitalist approach to operations with profits as its only aim.

An enterprise which is operated under this system has the right to work independently, but this right must be exercised with careful attention given to the best interests of the State.

Therefore, under this system, an enterprise must observe without fail the regulations and norms set by the State as well as the terms of the contracts it has concluded with other organs. At the same time, it must fulfill its plans and assignments.

Under this system, an enterprise is endowed with a number of rights and powers to carry out its work on an independent basis; it has the right to utilize as it sees fit the fixed and liquid assets it has received from the State, to purchase the raw materials, fuels, and other items it needs, and to sell the goods it has produced.

It also has the right and power to open an account with a bank in order to deposit money and to draw from its savings. However, these rights and powers are exercised only within the framework of State control.

Under this system, an enterprise is responsible for paying, on time, the wages due its employees as well as what it owes to the State. An enterprise is also under the obligation of abiding by the terms of contracts it has concluded with other enterprises.

Under this system, the economic activities of an enterprise are controlled by the won. The control by the won is exercised by ascertaining through various indices, e.g., cost and profits, whether the economic activities of the enterprise have been carried out successfully.

At the same time, the control is exercised through the arrangement that an enterprise will receive currency funds only when its operation has been successful to a certain extent and its planned assignments (kyehoek kwaje) have been fulfilled. There is also the provision that an enterprise must pay back loans it has received from the bank and pay to the State what it owes it regardless of the extent to which its planned assignments have been fulfilled.

In addition, the control is exercised through the provision that the prices of raw materials and fuels purchased by the enterprise should be paid on time and that the prices of the goods it has sold should be collected.

If the self-supporting accounting system works in the way we have thus far discussed, the workers of an enterprise will be induced to take an interest in its economic activities and in implementing its planned assignments. As a result, the workers will be stimulated to further economization and to raise their output.

Thus, this system, when properly and efficiently applied, will render the operation of organs and enterprises more profitable, will raise the level of planning at organs and enterprises, will enable organs and enterprises to fulfill or overfulfill their State assignments in terms of their indices, and will induce the workers of

organs and enterprises to utilize their creative ingenuity more effectively.

As a result, materials, labor, and funds will be economized to a greater extent, the level of labor productivity will be raised, output will be increased, and the income of enterprises will be raised. Thus, the economy of the State will be strengthened.

To strengthen the self-supporting accounting system at organs and enterprises, it is important for their leading workers to learn the meaning of the system and how to utilize and strengthen it. It is also important to make it possible for the employees to do their part in strengthening the self-supporting accounting system by teaching them its significance and how to utilize the system.

Secondly, the managerial personnel of enterprises must acquire knowledge of economics and make every possible effort to improve their competency in order to strengthen the self-supporting accounting system.

Thirdly, efforts should be made to increase the profits of enterprises. Profits are an important index indicative of the extent to which the self-supporting accounting system is operating in an enterprise. Profits can be increased only by lowering costs. Hence there is a need to lower costs by economizing raw materials, materials, and labor; by mechanizing farm work; and by reducing the number of managerial personnel.

Fourthly, the enterprises should be operated in a planned manner. The self-supporting accounting system constitutes a method for operating socialist enterprises on a planned basis. This system cannot, therefore, be strengthened before the level of planning in the operation of the enterprises is raised.

It is also important that the appropriate guidance be provided to enterprises by the local organs and superior organs concerned. This will coordinate the efforts of many different enterprises and thereby strengthen the self-supporting accounting system at enterprises. At the same time, it will develop people's economy systematically, i.e., in such a manner as to

maintain the balance between its different sectors by overfulfilling planned assignments.

Fifthly, it is necessary to strengthen the price structure, to properly conduct the control by the won, and to strengthen individual planning. If the prices of products are correctly set, the profits of the enterprises concerned will be increased.

Thus, the strengthening of the self-supporting accounting system can be linked with the interests of the workers. The control by the won, especially the correct control of enterprises by the bank, is very effective in strengthening this system.

The enterprises of Korea enter into contracts among themselves by which necessary materials are exchanged. If the terms of contracts are not correctly observed, the enterprises will not be supplied with needed materials in time. This will prevent them from carrying on their work and from strengthening their self-supporting accounting system. The workers of enterprises should, therefore, make every effort to observe the terms of their contracts.

Sixthly, measures should be taken by the enterprises to have the self-supporting accounting system adopted by the units within the enterprises, e.g., workshops and work brigades.

The internal (naebu) self-supporting accounting system has already been adopted by a number of enterprises. However, this system is not effective in many cases, for it has not been adequately organized. Some of the leading workers attempt to defend their failure by declaring it is difficult to conduct the system satisfactorily since the number of managerial personnel in workshops has been reduced of late. But this is not an adequate explanation. If changes have occurred in the situation, steps should be taken to deal with these changes.  
(Kyongje Chisik, No. 2, February 1960, pages 36-38)

## Adoption of the Internal Accounting System

[The following is a summary of an article "Preparations for the Adoption of the Internal Accounting System at Enterprises" by Cho Ch'ang-gi, Kyongje Chisik, No. 3, March 1960, pages 5-9.]

At the December enlarged plenary session of the Party Central Committee it was proposed as an important task that "the internal accumulation of the people's economy should be continually increased through strengthening the self-supporting accounting system, through the extensive adoption of the internal accounting system, and through the strict observance of financial discipline."

What, then, is the internal accounting system and what are its advantages? This system signifies the adoption of the principles of the self-supporting accounting system by the production units of an enterprise, e.g., workshops, work-teams, and individuals.

The self-supporting accounting system is a method by which a Socialist enterprise is operated on the basis of planning. The system aims at raising the output of the enterprise and at practising economy in order to raise income. Its purpose is to encourage the leading workers of the enterprise to have a greater sense of responsibility for the operation of the enterprise and its results. At the same time, it aims at linking their material interests with the financial success of the enterprise.

Generally speaking, the production units of an enterprise consist of work-shops, work-teams, and individuals (who are engaged in special types of production with work norms set for them). Actual production is conducted by these units. In other words, it is these units that consume raw materials, fuels, materials, and electric power to produce various goods. It is also these units that are responsible for raising output and income by economizing.

The internal accounting system, therefore, operates by allowing the production units of an enterprise to

utilize the advantages of the self-supporting accounting system. The purpose of the internal accounting system is to increase income by raising output and practising economy. This is accomplished by encouraging the workers of the units to have a greater sense of responsibility in regard to the production activity of their units. At the same time, the internal accounting system is aimed at strengthening the self-supporting accounting system of the enterprise.

The internal accounting system has the following advantages: It encourages the production units of an enterprise to fulfill or overfulfill their production plans; it leads them to further economize materials and funds and to fully utilize internal resources; it stimulates the units to continually improve the organization of production and technical processes; it encourages the individual workers to have a greater sense of responsibility toward their work; and it helps to imbue the workers with a Communistic attitude toward State property and labor. Thus, costs will be lowered and income will be increased through a rise in labor productivity and through the further economization of materials and funds.

How, then, can the internal accounting system be distinguished from the self-supporting accounting system? As already indicated above, the former consists of nothing else than the principles of the latter introduced into the production units of an enterprise; these two systems have a great deal in common. The units working under the internal accounting system are not different from an enterprise operating under the self-supporting accounting system.

The units have many independent rights and powers in conducting their production activities. They actively adopt new techniques and working methods, fulfill or overfulfill State plan assignments, increase their income by economizing materials and funds and fully utilizing all reserves, implement the Socialist principles of distribution, and observe State regulations as well as technical and economic standards.

However, the workshops, work-teams, and individuals are only the production units of an enterprise. Therefore, even though the principles of the self-supporting

system are introduced into production units in the form of the internal accounting system, the latter system cannot be equaled with the former in all respects. The following differences exist between the two systems.

First, the general principles are more limited in their application under the internal accounting system than under self-supporting accounting system. Workshops and work-teams are endowed with the power to organize production as they see fit, to improve the organization of labor, to rationalize technical processes, to utilize internal reserves, and to set wage scales for laborers.

However, workshops and work-teams are not authorized to reduce or increase the use of labor. They are also not authorized to buy from or to sell to other enterprises goods, materials, or raw materials, for they are not allowed to open and maintain their own settlement accounts (kyolche kujwa). They are, thus, not in a position to prepare a complete profit and loss statement.

How, then, are these units to maintain their autonomy (charipsong) under the internal accounting system? They receive planned assignments from the enterprise and the authority to use at their discretion on the labor supply, materials, and resources needed to fulfill these assignments. Thus, in fulfilling their assignments, these units enjoy autonomy within the limits of labor and wage funds, production costs, workshop budgets, use of machinery and equipment, consumption standards of materials or property, and the retention of unfinished goods.

Therefore, it behooves the work-shops and work-teams to properly organize their production, after fully discussing the matter among the personnel concerned. They should fulfill their assignments more rapidly and on the basis of higher quality by making more effective use of the available labor supply and materials.

Secondly, the scale and scope of the plan indices under the internal accounting system differ from those under the self-supporting accounting system. For example, the assignments for production units are smaller than those for enterprises. As for the plan indices, indices for machinery and material supply plans or for sales plans are not issued to production units, since the workshops

or work-teams have no power to purchase raw materials or to sell products.

Thirdly, there are some differences in control methods. The production units have no independent power in the matter of management. They are, therefore, not in a position to obtain loans from banks; nor are they subject to the control of banks by means of the won. It is true that goods are not sold or bought among the production units of an enterprise.

However, when semifinished goods, raw materials, or materials are exchanged among the production units operated under the internal accounting system, the exchanges are computed in terms of currency value. Since the production units under the internal accounting system must indicate in terms of currency value whether they have made profits or suffered losses in producing their goods, these production units are in effect subject to the control of the won.

In addition, rewards are given to the workshops and work-teams that have fulfilled or overfulfilled their production plans and have carried out their assignment to lower costs. When an enterprise has fulfilled its production plans and carried out its assignment to lower costs, a proportion of the enterprise's funds will be controlled as reward funds by those who are in charge of the work-shops concerned; these funds will be awarded in due time to the laborers who deserve to receive rewards. This is another way in which production units are controlled by the won.

If the goods produced by work-shops or by work-teams operated under the internal accounting system are delivered to other production units of the enterprise and are found to fall short of standard, the units that have produced the rejected goods must make preparation for the losses.

How are preparations to be made for the adoption of the internal accounting system? First, a committee on the self-supporting accounting system of the enterprise should be set up to make the following preparations.

(1) It will improve the planning of the factories of the enterprise so that the internal accounting system can be introduced. The products of the factories will be correctly classified, and the goods produced by the work-shops and work-teams will be indicated under the heading of different parts or accessories (pusokp'um). The standards needed to fulfill the production plans of work-shops and work-teams, including labor norms and consumption norms for raw materials and materials, will be established and a plan for the utilization of equipment will be formulated.

If the parts and accessories produced by the work-shops or work-teams are comparative goods (taebip'um), the amount by which output will be reduced from that of the previous year will be determined. At the same time, the cost per unit and the cost of the total output will also be determined.

(2) The planned price list within the workshops will be drawn up. This list will constitute the basis for unifying the internal planning and computation of the enterprises concerned; it will make it possible to accurately ascertain the progress achieved in the production activities of the production units (the internal accounting system units) and to correctly determine the amount of goods exchanged among these units.

Included in this list will be the raw materials and semifinished goods received from other enterprises as well as the materials and semifinished goods supplied by the [units of] the enterprise itself. In addition, the prices of various services, e.g., repairs and mending, will be included in the planned price list.

(3) Computations and statistics will be improved. To this end, raw materials and materials will be correctly computed in concrete terms from the time they were first acquired to point at which they are converted into finished goods after going through various processes; consumption norms for raw materials, materials, and labor, as well as a price list for these items, will be drawn up; adequate measuring instruments will be secured, and storage facilities will be correctly organized to store goods, to systematically remove goods from warehouses, and keep accurate records of goods.

Moreover, the computation system will be established to complement the organization of production and technical processes. Units of cost computation will be set up, direct expenses and indirect expenses will be separately indicated, a method will be determined by which indirect expenses are distributed, and initial computation forms and settlement report forms will be prepared in such a way as to simplify the whole procedure to the maximum possible extent.

Indirect expenses should be distributed in a manner suitable to the conditions of the factory concerned. The method of distribution may vary from sector to sector. In general, however, when the same goods are produced, the indirect expenses will be distributed by dividing them by the amount of the goods produced. If various goods are produced, the indirect expenses will be distributed in proportion to the basic wages of the laborers involved. If the cost-computation system is not established, it will be impossible to correctly assess the work done by work-shops, work-teams, and individuals. It will, therefore, be impossible to adopt the internal accounting system.

(4) The supply of raw materials and materials, as well as the operation of warehouses, will be properly conducted. Raw materials and materials needed in production should be adequately supplied in time. To this end, in addition to the warehouses attached to the factory as a whole, warehouses should be made available to the individual work-shops. Records should be accurately kept in regard to the amounts of raw materials and materials that have been consumed and in regard to the manner of their consumption; at the same time, controls over their use should be strengthened.

(5) Regulations concerning the interrelationship between work-shops will be drawn up. It is important that these regulations indicate methods of dealing with the problems which may arise in and interfere with production. The causes of defective products and of the failure to properly organize production or technical processes will be classified. The material preparations to be made for these deficiencies will also be indicated. If such regulations are not drawn up, it will be impossible to define what responsibilities are to be borne for these

failures on the part of the production units operated under the internal accounting system.

(6) A system will be established for rewarding the work-shops that have succeeded in fulfilling their work plans and in lowering costs.

(7) The Party's economic policies will be thoroughly explained to the masses, and the workers will be shown that it is profitable to adopt the internal accounting system and what each of them must do to ensure the successful adoption of the system. The workers connected with planning, bookkeeping, and computations will receive instruction on the standards for goods to be produced by the production units under the internal accounting system, the production plans for goods of various grades, the number of laborers, the wage fund plans, the equipment utilization plan, the budget for work-shop expenditures, the norms for the consumption of materials, and the norms for the retention (poyu kijun) of materials and unfinished goods. This will enable them to correctly assess the implementation of these indices on a monthly basis.

What are the technical and economic indices for the economic units under the internal accounting system? These indices vary with the characteristics of the work-shops and work-teams concerned. However, the following are the technical and economic indices to be set for all work-shops and work-teams.

1. Production plan
2. Index of utilization of production equipment.
3. Index concerning labor and wages.
4. Index concerning the expenditure of raw materials, basic materials, semifinished goods, fuels, electric power, and tools.
5. Budget of work-shop expenditures.
6. Cost plan.
7. Norm of unfinished goods set in term of currency [value] and the number of days.
8. Plans for taking organizational and technical measures.

The adoption of the internal accounting system should be followed by further strengthening of the system and by a review of each unit. (Kyongje Chisik, No. 3, March 1960, pages 5-9)

### III. INDUSTRY

#### Obligations of Cooperative Production

[The following is a summary of an editorial "Let Us Faithfully Carry Out the Obligations of Cooperative Production (Hyoptong Saengsan)," Nodongja Sinmun, 25 May 1960.]

Cooperative production in Korea has been introduced on an extensive basis. This year alone, extensive cooperation has been organized in the production of various farm machines, including tractors and auto-trucks as well as mining machines and their parts.

The aim of cooperative production is to raise the level of labor productivity, reduce costs, and guarantee good-quality products through the efficient utilization of the available labor supply and equipment. To achieve these ends, it is necessary for the individual enterprises participating in cooperative production to carry out their tasks correctly and on time.

Should even one of the participating enterprises fail to fulfill its obligations correctly, the aims of cooperative production will not be achieved; instead, great harm will be done to the entire economic construction program of Korea. At present, tractors are being manufactured by more than twenty participating factories, and auto-trucks are being manufactured by 23 participating enterprises. If one of these enterprises should fail to produce the parts assigned to it or fail to guarantee the quality of its products, the consequences will be very grave.

For example, the machine-tool factory at Hich'on failed to deliver the axes of auto-vehicle cranks to the auto-vehicle factory at Tokch'on on time; as a result, the latter was prevented from assembling auto-trucks on schedule. The Taean Electric Plant failed to fulfill its assignment to produce various types of electric motors; thus, the Nakwon Machine Shop was prevented from assembling the thirty-four "t'a-ning bbolp'u," which had already been

manufactured last month into finished goods. As already reported in our newspaper on 15 May\*, the auto-vehicle factory at Tukch'on assembled only 210 auto-vehicles, although it could have assembled 250 vehicles, because the quality of the piston rings received from the precision machine shop at Hich'on on 4 May did not meet standards. Thus, the Tukch'on Auto-vehicle Factory was forced to spend a great deal of time processing the defective piston rings.

\*The news report of this story follows this article.

At the same time that some enterprises complain that other factories have failed to meet their needs, these same enterprises do not scruple to fail to do their part in cooperative production. For example, the Pokchung Machine Shop complained it encountered difficulties in producing engines for ships because the Yong-song Machine Shop had failed to supply it with needed parts on time; at the same time, the Pokchung Machine Shop has done nothing about its own failure to deliver urgently needed parts on time to the Sinuiju Farm Machine Shop.

These deficiencies in cooperative production must be attributed to those workers who are indifferent about their own responsibilities. The Nakwon Machine Shop and the Nakwon Precision Machine Shop have been turning out products of good quality in cooperative production as a result of the responsible attitudes of their workers.

Last year, the workers of the Hich'on Precision Machine Shop tried to rationalize their failure by saying that, for technical reasons, the production of defective goods in manufacturing such precision machines as auto-vehicle bumpers was unavoidable.

However, the Kangdong Precision Machine Shop has produced defectless or perfect auto-vehicle bumpers, although there is little or no difference between the equipment and other technical conditions of these two enterprises.

The Pokchung Machine Shop has fulfilled its own production plans but has failed to do its part in cooperative production. The explanation for this phenomenon lies in the attitude of the workers concerned.

It is important to eliminate the tendency to place the interests of an enterprise above those of the nation as a whole. Most of the items that are now being produced through cooperation among different enterprises are the machines needed in mechanizing rural areas and mines in accordance with Party policy.

Various machines, including auto-trucks and tractors are especially needed. Since this year is the period of completion, the Party has demanded that the work in rural areas and mines be mechanized.

To achieve this end, the Labor Federation organizations in this field should grasp the significance of cooperative production and take appropriate measures to eliminate the tendency among some leading workers to place the interests of their own enterprises above those of the State.

At the same time, laborers and technicians should be induced to do their utmost in improving the quality of their products. It behooves the Labor Federation organizations to intensify Socialist competition among the enterprises engaged in cooperative production. The enterprises devoted to cooperative production should compete with each other in delivering their products on time.

Those enterprises that are not entirely devoted to cooperative production should also participate in competition and do their part in cooperative production.

It is also of great importance to guarantee the quality of cooperative production goods; otherwise, a tremendous amount of labor will be wasted. It is up to the workers participating in cooperative production to improve their level of skill and to observe the standard working method in order to reduce the productions of substandard goods. (Nodongja Sinmun, 25 May 1960)

## Quality of Goods in Cooperative Production

[The following is a summary of an "open letter" from the workers at the Tokch'on Auto-vehicle Plant to the workers of the Hich'on Precision Machine Shop complaining about the quality of the latter's products under the title: "Improve the Quality of Goods Turned Out by Co-operative Production, Nodongja Sinmun, 15 May 1960.]

Comrade! It is our pleasure to notify you that we overfulfilled our auto-vehicle production plan for March by 115 percent and that our plan for April was overfulfilled by 114.9 percent.

This year we have raised the cutting speed (cholsak sokto) by 250 percent, compared with last year, by utilizing advanced tools and methods. As a result, we are producing auto-vehicles at the rate of 12 vehicles per day. The goal assigned us by the Party this year is to produce 3,000 auto-vehicles.

To fulfill this assignment, the workers of all the factories engaged in cooperative production with us must exert all their power and wisdom. If a single factory should fail to deliver on time the parts needed in producing auto-vehicles or fail to guarantee the quality of their goods, the production of auto-vehicles will be greatly impeded.

We are very sorry to tell you that the quality of the parts processed by you have been found to fall short of the standard. Up to April of this year, a great many of the goods we received from you turned out to be quite defective.

In particular, the quality of your oil pumps is very poor; their atmospheric pressure is only one or two, when the figures should be four. Your electric motors do not fit in the angles of inclination of their cogwheels. How could you assemble such faulty parts in the engine, the most important part of the auto-vehicle? We have been forced to spend a great deal of time and energy in improving the quality of your products. As a result, we have had to reduce the number of auto-vehicles we produce.

Up to April of this year, we were forced to process the oil pumps for 150 auto-vehicles and to disassemble many engines which had been assembled. Your pistons, rings, water pumps, piston pins, cranks, and medals are also very poor in quality.

The quality of your rings was good until March of this year; then, they began to get worse and worse. Some of your precision rings still show the traces of rough bites, and some of your precision rings have been left unfinished.

Now comrades, have you ever been careless like this in producing parts for your own use? The poor quality of your goods should not be attributed to the level of your skill but to your ideological attitude.

Last year you caused us a great deal of trouble by sending us bumpers of poor quality. At that time, you declared that it was technically impossible to produce non-defective goods, since bumpers are precision items. But the bumpers produced by the comrades at the Kangdong Precision Machine Shop are free of defects, even though there is little or no difference between their equipment and technical conditions and yours. It is evident from this fact that the defective quality of your goods should be attributed to the lack of a sense of responsibility.

The foils, cylinders, kingpins, medals, handles and "sector gear bushes" were very good in quality. As a consequence, the length of time we spent in manufacturing a vehicle was considerably reduced. We are convinced that we can rely on your matured skill and limitless ingenuity. If you develop an adequate sense of responsibility, you can be sure your products will improve in quality. We plead with you to comply with our request to improve the quality of the parts you produce for us, as partners in cooperative production. (Nodongja Sinmun, 15 May 1960)

#### IV. LABOR

##### Advantages of the Piecework Wage System

[The following is a summary of an article "the Piecework Wage System is the Best Wage System" written by Han Kyong, Kyongje Chisik, No. 2, February 1960, pages 23-25.]

At present, there are two major wage systems in Korea: the fixed or time wage system and the piecework wage system. Under the former system, a worker receives his wages in proportion to the length of time he has worked and according to an officially determined grade of skill.

Since the wage is determined on the basis of the length of time worked, this system is defective in that the output of the products the worker has turned out, or the results of his work, are not taken into consideration. The fixed wage system is applied to technicians and clerical workers whose work cannot be measured by labor norms; this system is also applied to laborers when they are engaged in a kind of work that cannot be measured by labor norms.

In Korea, the basic form of wage paid to laborers is the piecework wage. The piecework wage is determined by the amount of work performed by the laborer, or by the result of his work. The result of his work is measured by the piecework unit price, which represents the compensation for a unit amount of work.

The piecework unit price can be calculated by dividing the basic piecework wage for the standard skill grade of the assigned work by the labor norm (also known as the work norm). Suppose that in producing a certain commodity, the labor norm is ten goods per eight-hour day, and the standard skill grade of the work is grade four; the basic piecework wage will then be five won. The piecework unit price will, then, be calculated as follows:

5 won    10 pieces    50 chon

Thus, if a laborer has produced 12 grade four goods a day, his piecework wage will be 50 chon x 12 goods 6 won.

The piecework wage system has many advantages over the fixed wage system. Under the former system, the laborer knows what his labor norm is, or how much work he must do per unit of time. Thus, at the end of a day, he knows by how much he has exceeded the labor norm for the day, or by how much he has fallen short of the norm. At the same time, he knows how much he has earned that day, for his wage is dependent upon the amount of work accomplished.

As a result, he will feel encouraged to raise his labor productivity. Accordingly, he will improve the quantity and quality of his work by raising the level of his skills and technique, by utilizing his creative ingenuity, and by effectively utilizing his working hours.

The greater the increase in a laborer's output, the greater will be his contribution to the State, and the greater will be his wages. Thus, the piecework wage system has proven to be beneficial to the interest of both the State and the laborer. It is advisable that all enterprises and factories apply this system more extensively and in a more efficient manner. The Party and the State have urged the enterprises to adopt the piecework wage system on a more extensive basis, and various measures have been taken to achieve that end.

But the responsible workers of some enterprises have yet to learn the value of the piecework wage system, and the workers of other enterprises have not properly adopted this system on an extensive basis. This system cannot be profitably utilized unless the characteristics of the different types of this system are adequately understood.

In Korea, four different types of this system are in use: single, progressive, man-day, and indirect. Under the single piecework wage system, the laborer receives his wage in proportion to the amount of work he has done on the basis of the fixed piecework unit price. This type has been adopted most extensively in Korea.

Under the progressive type, the laborer receives his wage in exactly the same manner as under the single type until he has fulfilled the labor norm, i.e., he is paid on the basis of a single piecework unit price; however, when he has exceeded the norm, he is compensated for the work in excess of the norm on the basis of progressive unit prices. Suppose that a laborer works under the progressive type of piecework wage system. He is to turn out ten units of a product per day at the rate of 50 chon per unit up to ten units; however, the rate is to be raised to 60 chon per unit after he has turned out ten units.

If he has produced 12 units, he will be paid at the rate of 50 chon up to the tenth unit and he will have earned five won for the first ten units; for the eleventh and twelfth units, he will be paid at the rate of 60 chon per unit, and he will have earned 1 won and 20 chon for the last two units; thus, he will have earned a total of 6 won 20 chon.

The progressive piecework wage system is certain to provide a greater incentive for laborers to exceed their work norms. However, it is important that the progressive rate of the unit prices be properly determined and that this type of piecework wage system be applied to the appropriate sector.

Otherwise, too great a sum of money will be expended on wages, with the result that the enterprise concerned will suffer a financial loss. For this reason, the progressive rate and the types of work to which progressive rates should be applied are determined by the State.

The progressive piecework wage system should be applied to the most important sections of major production sectors when such sections also help to raise the labor productivity of other sections of the sector. In Korea, this system has been applied to a certain kind of underground work in mining, to difficult kinds of work, to important chemical-metallurgical sectors, and to the most important capital construction sectors.

The man-day (kongsu) piecework system is applied when it is possible to set the labor norm for different sections of a project or when it is possible to raise the

level of labor productivity by assigning a task with a time limit. In numerous instances, this system has been applied to such work as construction, forestry, general repair, and machine repair.

The indirect piecework wage system is applied to work (even though the system is not suited to this work) connected with the work of basic sectors; it has been highly effective in raising the labor productivity of the latter. This system has been indirectly applied to the former in coordination with the piecework system used in the latter. Therefore, the wages of the laborers who work under the indirect piecework wage system are affected to the extent to which the labor norms of the latter are exceeded or fall short of being fulfilled.

All the types of piecework wage systems are to be classified into individual piecework systems and team piecework systems; the former system is applied when laborers work individually, or when the work done by them can be assessed by breaking it down into the parts completed by each of the laborers; the team piecework system is applied when the level of labor productivity is raised by using a work-team rather than individual laborers to perform the work.

Thus, the piecework wage system is classified--depending on the types of this system and on the manner in which labor is organized--into the single individual piecework wage system, the progressive individual piecework wage system, the man-day individual piecework wage system, the single team piecework wage system, the progressive team piecework wage system, and the man-day team piecework wage system. (Kyongje Chisik, No. 2, February 1960, pages 23-25)

#### Housing and Cultural and Welfare Facilities for Workers

[The following is a summary of an article "Dwellings and Cultural and Welfare Facilities for Workers are Increasing Each Year" written by O Ung-jun Konch'uk kwa Konsol, No. 5, May 1960, pages 4-6.]

During the Three-Year Plan [1953-1956], many cities and towns, which had been severely destroyed during the [Korean] War, were rapidly restored and constructed. In 15 major cities including P'yongyang, in addition to a great number of industrial enterprises, 16 colleges, 56 vocational schools at the secondary level, 25 senior high schools, and 241 elementary and people's schools were restored or newly constructed during the Three-Year Plan period.

Furthermore, 16 department stores, more than 580 stores, more than 200 mess halls, more than 100 theaters, movie theaters, and clubs, 11 museums, 121 hospitals and clinics, and 28 playgrounds and parks were newly constructed.

Distribution of Capital Construction Investments (in percentages)

	1953	1956	Increase in Composition 1953 - 1956
Total Capital Construction Investment	100	100	-
Including Non-productive Construction	22.7	26.5	4.5
Including Educational and Cultural Organs	2.1	4.8	2.7
Including Scientific Research Organs	0.1	0.5	0.4
Including Health Organs	1.0	1.2	0.2
Including Dwellings	8.1	14.6	6.5

Nonproductive Constructions	100	100	-
Including Educational and Cultural Organs	9.0	18.2	9.2
Including Dwellings	35.7	55.2	19.5

The increase in capital construction investments in dwellings and educational, cultural, and welfare facilities during the Three-Year Plan period was as follows:

	1953	1956
Educational and Cultural Organ Construction	100	6.9 times
Welfare Organ Construction	100	3.4 times
Scientific Research Organ Construction	100	11.7 times
Dwelling Construction	100	5.3 times

The increase in the distribution and composition of investments and the increase in the absolute sums of investments as indicated above, have resulted in the vast amount of construction indicated below:

(unit = 10,000 m<sup>2</sup>)

Dwellings	1028
Schools	104
Theaters and Movie Theaters	10
Kindergartens	3

Public Nurseries	7
Hospitals and Clinics	16
Sanitoriums	3
Stores	17
Mess Halls	6

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The basic task in regard to State investments during the First Five-Year Plan period lies in giving continued support to the Party's economic plan of giving priority to productive construction particularly heavy industry construction and of concurrently developing light industry and agriculture, as well as the large-scale construction of dwellings for the working people in urban and rural areas.

During the First Five-Year Plan period, the construction of dwellings and educational, cultural, and welfare facilities, as well as the construction of production facilities, has made rapid progress.

The following data are analyzed on the basis of the sums of capital construction investments.

	Increase as of 1959 with 1956 as 100 [%]
Nonproductive Construction	2 times
Including Educational, Cultural and Welfare Organs Construction	139%
Including Scientific Research Organ Construction	125%
Including Health Organ Construction	4 times
Including Dwelling Construction	139%

Thus, during the Five-Year Plan, dwellings increased to 132 percent as compared with the Three-Year Plan period, and school buildings increased to 139 percent. As a result, there has been a considerable improvement in the housing conditions of the working people and their children have been provided with adequately equipped school buildings. In particular, the rapid increase in the construction of public nurseries and kindergartens clearly indicates the desire of the Party and the State to help women to devote more time to production and cultural life.

The plenary meeting of the Party Central Committee held October 1957 has made a great contribution to realization of a rapid increase in the construction of dwellings and cultural and welfare facilities for working people. Since the plenary meeting, the level of assembly construction (choripsik konsol) has been raised to such an extent that it is now higher than in many other countries.

As a result, the construction of cultural and welfare facilities including dwellings, has been rapidly improving. In particular, the workers in the construction field in P'yongyang have been doing a good job under the personal direction of Premier Kim Il-song; in 1958 alone, these workers succeeded in setting up dwellings for over 20,000 households with funds and labor which, under ordinary circumstances, would suffice only for the erection of dwellings comprising 7,000 households.

As a result, the working people now have modern dwellings for their own use which they had only dreamed about in the past; they also have sumptuous educational, cultural, and welfare facilities. The dwelling space per household and per person in urban and rural areas undergone the following substantial increase:

	Floor Space per house- hold (m <sup>2</sup> )		Dwelling Space per household (m <sup>2</sup> )		Dwelling Space per person (m <sup>2</sup> )	
	Urban Areas	Rural Areas	Urban Areas	Rural Areas	Urban Areas	Rural Areas
As of 1 January 1957	21	33	12	17	3	4
As of 1 January 1959	22	34	13	18	3.2	4

Old houses have been replaced by brick or concrete-steel buildings, and grass-roof houses in rural areas have been replaced by cultural dwellings as indicated in the table below:

	Brick, Concrete, (in cities) Stone Buildings	Provisional Dwellings	
		Urban Areas	Rural Areas
As of 1 January 1957,	25%	9%	1%
of which in P'yongyang	11%	7%	-
As of 1 January 1959,	38%	5%	3%
of which in P'yongyang	59%	2%	-

The following indicate the ratio between one-story houses and houses with two or more stories:

	One-story Houses	House with two or more stories
As of 1 January 1957,	92%	8%
of which in P'yongyang	74%	26%
As of 1 January 1959,	82%	18%
of which in P'yongyang	54%	46%

As of 1 August 1959, the seating capacities of educational, cultural, and welfare facilities were as follows:

Schools	1,697,000
Movie Theaters, theaters, and clubs	277,000
Kindergartens	77,000
Public nurseries	151,000 (beds)
Hospitals & clinics	31,000 (beds)
Public bathhouses	63,000
Sanatoriums	11,000 (beds)
Mess Halls	87,000

Immediately after the war, our educational facilities were found to be in very poor condition. The Party and the State invested vast sums to solve this problem, and the people also did their utmost to improve these facilities. As of 1 August, 1958, the floor space of schools amounted to 3,046,000m<sup>2</sup>, with a seating capacity of 1,555,000.

As of 1 August 1958, theaters, movie theaters, and clubs in fifteen major cities, including P'yongyang, had a

seating capacity of 251,000. Since two shows per day are given in these buildings, an inhabitant (above seven years of age) can enjoy plays or movies at the rate of five or six times a month. On the average, the following seating capacities and floor space are available to inhabitants in these buildings per 1,000 persons:

	No. of Seats	m <sup>2</sup>
On an average	96	115

In addition, there are libraries for the working people with a seating capacity of over 6,000.

The following table indicates the area per seat, as of 1 August 1959:

	Urban areas (m <sup>2</sup> )	Rural Areas (m <sup>2</sup> )
Public nurseries	3.5	2
Kindergartens	2	1
Public bathhouses	3	3

In the mess halls, one seat covers an average area of 3 m<sup>2</sup>. At the end of December 1959, the length of water supply pipes and sewage systems amounted to 1,600 km, the length of roads and bridges was 16,000,000 m<sup>2</sup>, the area of 320 parks and green tracts of land was over 63,000 chongbo, including more than 200 parks covering 2,700 chongbo and 12 recreation grounds covering 2,000 chongbo.

The enlarged plenary session of the Party Central Committee decided that dwellings and cultural and welfare facilities for the working people should be expanded. In 1960, dwelling houses comprising at least 81,500 households are to be set up in cities and workers' districts alone; and in urban and rural areas, cultural

and welfare facilities, including public nurseries, kindergartens and public bathhouses, are to be expanded on an extensive basis. As compared with 1959, the investments in schools will be increased to 350 percent, hospitals to 360 percent, theaters, movie theaters, and clubs to 800 percent.

Following the December enlarged plenary session, in the first quarter of 1960, the construction of dwellings covering an area of 1,286,000 m<sup>2</sup>, was begun; and 110,000 m<sup>2</sup> have been completed. Thus, the plan for the first quarter has been overfulfilled by 176 percent. In addition, construction has begun on schools with 34,400 seats, public nurseries with 6,000 beds, kindergartens with 3,000 seats, hospitals with 2,000 beds, theaters, movie theaters, and clubs with 7,000 seats, and public bathhouses to accommodate 1,000 persons. (Konch'uk kwa Konsol, No. 5, May 1960, pages 4-6)

## V. AGRICULTURE

### Work Teams in Agricultural Cooperatives

[The following is a summary of an article "How to Organize and Operate Work-teams in the Agricultural Cooperative" written by Sin Mun-sik, Kyongje Chisik, No 2, February 1960, pages 11-13.]

Agricultural cooperatives have been merged into large organizations, and their operation is being conducted on a large scale and at a high level of economization. As a result, specialized groups, such as the rice work-team or the cotton work-team, are not functioning as efficiently as before. New problems have also arisen in operating work-teams of various types.

A solution to this problem was suggested by Premier Kim Il-song in his speech before the Party general meeting at Ch'ongsanni: the all-purpose work-team which will make it possible to continue farm work without a break all the year round. This type of work-team will be engaged in various kinds of work, e. g., raising food grains, industrial crops, and vegetables as well as raising pigs.

In operating the all-purpose work-team, it is important that the team use the same land and the same farm machinery and implements and retain the same personnel. Such an arrangement will enable the team members to make better use of their land, farm machinery, and implements, and to mobilize and utilize all kinds of reserves in the course of performing their work.

There are three points to bear in mind in setting up work-teams in an agricultural cooperative. First, nothing is more important in an agricultural cooperative than farming. Everything should be devoted to farming: machinery, implements, and personnel. Any activity other than farm work should be subordinated to farming.

In the past some cooperatives have failed to act on this important principle and have attached too much importance to secondary or tertiary matters. Thus, they

have established too many specialized work-teams, such as mechanization work-teams, construction teams, fish-cultivation teams, and pomiculture teams. The size of the various teams were not properly proportioned; some cooperatives had mechanization teams consisting of more than forty members. There was an edible-oil production team, with a membership of seventeen, which had so little work to do that it produced oil not for the use of the cooperative but for the general consumer.

A cooperative with an orchard of only one chongbo had a pomiculture team with as many as six persons in it. As a result of such faulty organization, the output of farm products was adversely affected to a great extent.

Allowances should be made for the conditions peculiar to the locality concerned in organizing work-teams. However, the general principle should be to set up only two types of separate teams in addition to agricultural work-teams: livestock teams specializing in the reproduction of livestock and repair teams.

The rest of the cooperative membership should be included in agricultural teams, with sub-teams charged with livestock raising, cotton raising, or vegetable raising established under the agricultural teams. The size of these agricultural teams should not be too small, and the members living in the same area of the community should be included in the same teams.

Another point to remember in organizing work-team is that the separate teams should be assigned land, personnel, machinery, and implements on a permanent basis. Otherwise, individuals will be irresponsible or careless in handling land, machinery, and implements. Moreover, work-teams should not be reorganized too frequently.

The third point to bear in mind is to correctly set the size of work-teams and sub-teams. Since agricultural cooperatives are now operated on a large scale and since the qualifications of managerial personnel have improved and the work of agricultural cooperatives has been mechanized to a great extent, it is advisable to expand the size of work-teams to some extent.

However, their size should not be increased excessively. People living in the same neighborhood should be included in the same agricultural work-teams. Livestock teams should specialize in one kind or type of animals; if livestock raising is conducted on a large scale, livestock teams should specialize in one species of livestock. Sub-teams of agricultural work-teams should include approximately ten persons, regardless of the size of the work teams.

To operate work-teams properly, the following points should be borne in mind. First, the labor supply should not be wasted, but concentrated on farm work. In the Chollima Agricultural Cooperative, Chaeryong-gun, only 61 percent of the available labor supply was expended on agricultural work, although farming represents over 90 percent of the entire work of the cooperative.

At a time when there was a great deal of work to be done, e.g., plowing paddy fields and dry fields, transplanting seedlings, and weeding, much of the labor supply was diverted from farm work to such less urgent projects as repairing roads and construction. Moreover, all the young men were mobilized to participate in soccer games or in circles. In addition, a great deal of the labor supply was wasted in conferences and special classes.

Between March and September, when the need for labor supply is so urgent and great, labor should be expended only on farm work, so that the entire available labor supply can be devoted to farm work. At that time, only a minimum number of people should be set aside for less important tasks, and the rest should be assigned to farm work. The managerial personnel of the cooperative, and the dependents of the laborers and clerical workers in the kun who have not yet been recruited for productive work on a permanent basis should be mobilized to take part in farm work.

Another point to remember in operating work-teams is to set up accurate plans and to carry them out without fail. In the past, some cooperatives formulated plans merely for the purpose of fulfilling formal requirements, and other cooperatives had no plans at all. As a result, the members of a work-team were told to plant black beans after wheat had been reaped. Then, a few days later,

they received an order to plow the land over and to plant maize; but the order was canceled a few days later, and the same group was told to plow the land again and to plant vegetables.

Agricultural cooperatives should establish definite plans so that individual work-team members can be assigned five-day or ten-day work plans indicating what work is to be done by them on which part of the fields and how many work-days they can earn by completing their work. The cooperative members will then feel encouraged to bring all their creative ingenuity into full play.

To set up correct work-plans, it is important to take into consideration such factors as the available labor supply, seeds, fertilizer, manure, farm implements, and the skill levels of team members. Moreover, discussions should be held with team-members in regard to all the reserves and possibilities. Otherwise, it will be impossible to set up correct work plans and to mobilize the cooperative members to overfulfill these plans.

Once correct plans have been formulated, work should be carried on steadily to ensure the implementation of the plans. To this end, the work plan of a work-team should be explained to all of its members so that they will know what their goal is and exert themselves to attain that goal. It is also important to occasionally inspect and review the implementation of the plans and to take steps to correct any deficiencies.

A third point to bear in mind in operating work-teams is to accurately assess the number of work-days earned by work-team members. Otherwise, their earnings will not be distributed correctly in accordance with socialist principles of distribution.

To accurately assess the work-days earned by team members, graded work-norms should be established in such a manner as to award a greater number of work-days for important and difficult types of work, e.g., plowing, seeding transplanting, and weeding.

Farm work represents the most important task of the agricultural cooperative. If an excessive number of work-days are awarded for such secondary work as fish-

cultivation or work in subsidiary industries, and if work-days are awarded to cooperative members who have not performed their work properly, then the operation of the cooperative will suffer.

One of the reasons that work-days have not been correctly assessed lies in the failure on the part of the management committee to provide the work-teams with work-day expenditure plans based on work-norms and in the lack of supervision of the implementation of these plans. Where a work-team has unjustifiably exceeded its work-day expenditure plan, measures should be taken to correct this situation, subject to the ratification of the cooperative membership general meeting or the representatives meeting.

The quantity and quality of labor expended in farm work will be clearly reflected in the output of crops. It is appropriate that additional rewards be given to the members of a work-team who have exceeded the assignment issued by the State.

A Party general meeting at Ch'ongsanni was held under the direction of Premier Kim Il-song. It was decided on that occasion to employ new procedures to award rewards to work-teams. Land, farm implements, draft animals, and other resources effectively, the surplus will be distributed among the members of the teams concerned as a reward. This new arrangement is certain to encourage cooperative members to raise their output by improving their labor productivity; as a result, their livelihood will be improved.

This arrangement will be applied not only to agricultural work-teams but also to livestock teams and tractor drivers who are assigned to agricultural cooperatives. Measures should be taken to prevent team members from putting the interests of their own groups before those of the entire cooperative and from attempting to obtain assignments that involve as little work as possible.

The members of a work-team should be notified of how many work-days they have earned more than once a month. To correctly assess the work-days earned by team-members, a committee should be set up to take charge of this important matter. It should consist of the team head and one or two activists.

A fourth point to bear in mind in operating work-teams is to take measures to ensure that team heads perform their work satisfactorily. If the team head has not learned how to set up plans, how to operate the piecework system, how to assess the work-days earned by his team members, and how to operate his team effectively, then the cooperative will not be in a position to carry out its work satisfactorily. It behooves the work-team heads, in addition to take charge of their own teams, to be active in cooperatives affairs. (Kyongje Chisik, No. 2, February 1960, pages 11-13.)

### Material Rewards in Agricultural Cooperatives

[The following is a summary of an article "Let Us Correctly Apply Material Rewards in Agricultural Cooperatives" written by Chu Sung-o, Kyongje Chisik, No. 4, April 1960, pages 11-14.]

At the Party general meeting at Ch'ongsamni, held in February 1960, Premier Kim Il-song issued instructions on rewarding the work-teams of agricultural cooperatives.

This system of rewarding work-teams will encourage agricultural cooperative members to work harder in order to raise the output of agricultural and livestock products and to increase their own income. The agricultural cooperatives will, thus, be further developed and the livelihood of their members will be improved.

In this connection, the Agriculture Ministry has recently published standard regulations concerning "Material Preferential Treatment and Amends" by which the system of rewarding work-teams in agricultural cooperatives can be implemented.

We shall now discuss a few points to be borne in mind in implementing these standard regulations.

First, the system of material preferential treatment should be implemented in accordance with the actual conditions of the agricultural cooperative concerned.

Concrete conditions vary from cooperative to cooperative. For example, some cooperatives have more land on hillsides than on plains, other have more paddy fields than dry fields, and still others have more dry fields. Many other factors, e.g., means of production, labor supply, level of skill among personnel, vary from cooperative to cooperative. Consequently, it is necessary to apply material preferential treatment in accordance with the actual situation of each cooperative concerned.

In this connection, it is most important to keep in view the basic spirit of the material preferential treatment system suggested by the Party. This will enable the cooperatives to implement the system properly. It therefore, behooves the individual agricultural cooperatives to thoroughly study the instructions issued by Premier Kim Il-song at the Ch'ongsanni Party general meeting.

The cooperative should also make a careful study of the standard regulations published by the Agriculture Ministry in order to implement the provisions in accordance with the actual conditions of their cooperatives. To achieve this end, it is important that the cooperatives correctly define the conditions which must be met by work-teams before they can receive the material treatment provided for in the standard regulations.

According to the standard regulations preferential treatment should be given to the agricultural work-team that has fulfilled the assignment issued by the State by 90 percent or more. The same criterion should be applied to a pomicultural or sericultural work-team.

In the livestock field, the criterion is based on the kinds of livestock and on the indexes of the products concerned. The individual cooperatives should, therefore, set their criteria for preferential treatment in the light of their actual situation.

However, these criteria are not to be set arbitrarily, but in such a way as to encourage the cooperative members to exert themselves to raise the output of farm products. If the criteria are set too high, the cooperative members will be discouraged. On the other hand, if the criteria are set too low, the cooperative members will not exert themselves sufficiently.

The criteria should, therefore, be set in accordance with the actual conditions of the cooperative concerned; the criteria should be established in such a way as to ensure that they will be exceeded and that the output of crops and other products will be raised.

Moreover, the criteria for preferential treatment should be set in a manner that will maintain the balance work-team. There should be little difference between the criterion for one team and that for another, and the criterion should be set in favor of the team which is engaged in raising major crops.

Maintenance of the balance between work-teams in setting criteria is not equivalent to setting the criteria on an equal basis. If a work-team has many favorable factors while another has few or none, then the criterion for the former should be higher than that for the latter. The criteria for sectors and for work-teams should be established with a view to maintaining a balance between sectors and between teams; it should be possible for any team or sector to receive preferential treatment by raising their output through hard and efficient work.

A second point to remember in implementing the standard regulations concerning the material preferential treatment of work-teams is to correctly calculate the output produced by a work-team and the work-days expended by its members. This will enable the cooperative to correctly distribute the products among them.

If the output is not correctly calculated, it will be impossible to ascertain to what extent the criterion set for the team has been exceeded, or to distribute the products among the team members in accordance with the work-days expended by them in turning out these products.

It will, of course, be easy to calculate the output of crops that are reaped only once a year. But for items that are produced many times a year e.g., meat, milk, eggs, and vegetables, it is not easy to determine their output accurately. It is necessary to take measures to calculate their output on a regular and systematic basis. Both the individual work-teams and the management committee should keep records of the output of each crop or product whenever they are reaped or produced, specifying their dates, quantities, and grades.

The standard regulations published by the Agriculture Ministry clearly indicate the criteria for preferential treatment in terms of the quantity and quality of each item. For example, to meet the criteria, 50 percent or more of the total output of raw cotton should consist of grade three cotton or higher, and that of flax and tobacco should consist of grade four quality or higher.

It is up to each cooperative to set the grades for individual crops or products in accordance with its actual situation and to calculate the output of each item accurately before deciding which work-teams deserve preferential treatment.

It is also important to calculate the work-days expended by the members of the work-team that has successfully met the criterion for preferential treatment. Otherwise, the individual members will be prevented from receiving what is due to them in accordance with the work they have expended in producing the items concerned.

The standard regulations stipulate that a team member must earn the obligatory number of work-days before he can receive a share of the material treatment awarded to his team.

According to the provisions of the standard regulations, an assistant livestock raiser (pojo sayanggong) of a livestock work-team is to receive 10 percent of the share of the preferential treatment given to a livestock raiser, and a fodder dresser (saryo chorigong) is to receive 20 percent.

These provisions have been made to prevent work-team members from receiving equal shares of the preferential treatment, regardless of their individual merits. The preferential treatment should be shared not only by the members of the work-teams concerned, but also by the tractor drivers assigned to the cooperative by the farm machinery station. This should be done in accordance with the terms of the contract concluded between the cooperative and the station and on the basis of the work done by the drivers themselves.

A third point to remember is that the preferential treatment system should be implemented at a high political level. The system is not to be applied through

routine procedures, since this arrangement has been worked out by the Party to promote the development of the rural economy.

To apply this system at a high political level, the formulation of regulations concerning preferential treatment, the application of these regulations, and the distribution of the awards should not be carried out arbitrarily by some of the people on the management committee.

Instead, the cooperative members should be consulted, and timely guidance should be sought from the city or kun Party committee and from the city or kun people's council. The draft regulations in regard to preferential treatment formulated by the management committee should be submitted to the cooperative membership general meeting or representatives' meeting for discussion and adoption. Then, the regulations should be submitted to the kun or city Party committee and to the city or kun people's council for ratification. All important matters should be handled by going through these correct procedures. It is important to conduct intensive political work to enable the cooperative members to understand the basic spirit of the preferential treatment system and to appreciate the Party's concern for their own welfare. (Kyongje Chisik, No. 4, April 1960, pages 11-14.)

## Organization of Labor in State Farms

[The following is a summary of an article "How to Organize Labor at State-Operated Agricultural-Livestock Farms" written by Kim Sung-gol, Kyongje Chisik, No. 4, April 1960, pages 24-28.]

To economize the labor supply and to raise the level of labor productivity at state-operated agricultural-livestock farms, it is necessary to properly organize labor -- particularly if individual work-teams are to be operated efficiently -- by adopting the independent financial balance system.

To organize labor properly at state-operated farms, work-teams must be organized in an appropriate manner. The work-team is the basic unit of both production and the organization of labor; it is also the unit of the independent financial balance system.

There are different types of work-teams: specialized, mixed, and all-purpose. A specialized work-team specializes in one crop or in one species of livestock, e.g., a rice work-team in the plains, or a dairy-cow work-team or a sheep work-team at an agricultural-livestock farm where a great number of livestock are raised.

A mixed work-team raises more than one crop or more than one species of livestock, e.g., an agricultural team that raises both rice and vegetables, or a livestock team that raises both dairy cows and cows to be fattened for slaughter.

An all-purpose work-team is engaged in more than one sector of agriculture. For example, a team may raise pigs to be fattened or pigs to be used for reproduction purposes; at the same time, it may cultivate fodder fields for its own use. A team may also be engaged in pomiculture, crop raising, and livestock raising concurrently.

All these types of work-teams have their strong points. Since the specialized team raises only one crop or one species of livestock, the level of skill will be higher among its members. However, the disadvantage of this type of is that it is difficult for it to solve the

problem of the shortage of labor during certain seasons of the year; this is particularly true of a team that specializes in crop raising. It is also impossible for this type of work-team to efficiently utilize its means of production, e.g., farm implements and means of transportation.

Since a mixed work-team raises more than one crop or more than one species of livestock, it is possible for this type of team to adjust its use of labor supply within the same sector of agriculture, e.g., crop-raising, livestock-raising, etc.. But it is impossible for the mixed team to adjust its labor supply or to mobilize and utilize production reserves between more than one sector, for this type of work-team has little or no connection with sectors other than the sector in which it is engaged.

The all-purpose work-team is superior to the other two types. Since this type of team is engaged in more than one sector of agriculture, it can adjust its use of labor supply and overcome the problem of the seasonal labor shortage in one sector [by borrowing additional labor supply from the other sectors]. It is possible for one sector to help other sectors in numerous other ways. For example, the crop-raising sector can provide fodder at a moderate cost to the livestock-raising sector, and the latter can supply good-quality manure to the former. This type of work-team is in a position to make the most effective use of various means of production, such as land, farm machinery, farm implements, and means of transportation.

Moreover, this type of work-team can reduce the total number of work-teams in an agricultural-livestock farm. As a result, nonproductive labor such as managerial personnel, can be economized to a great extent.

If an agricultural-livestock farm is in a location where it is possible to combine crop raising and livestock raising, then the all-purpose work-team will be the type best suited to the operation of the farm. If an orchard maintains a great number of livestock or poultry, it is advisable to set up an all-purpose work-team to engage in both livestock raising and pomiculture; in that case, the team should produce fodder for its own use.

If the cultivation of fodder crops and livestock raising are separated from each other and both sectors are highly specialized, it will be profitable to set up a specialized work-team.

If the primary industry of a farm is crop raising, and if it is impossible to combine crop raising with livestock raising, then it is advisable to set up mixed work-teams that can raise more than one crop concurrently. However, too many crops should not be raised; the operation of work-teams will then be too decentralized to be successful.

To operate successful work-teams, the following points should be borne in mind!

(1) The size of work-teams should be appropriately set. In view of the extent to which our State-operated agricultural-livestock farms are mechanized, the level of skill among the laborers, the area of land worked per person, and the competency of work-team heads, it is reasonable to include about 100 persons in a work-team. If the size of a work-team is too large, it will be impossible to operate flexibly, and its members will not be able to receive adequate guidance from their team head.

If, on the other hand, the size is too small, the means of production, such as farm machinery and farm implements, will not be used efficiently, and the use of nonproductive and indirect labor will be increased. However, the size of work-teams should vary in accordance with the conditions of the farms concerned.

(2) A work-team should be allowed to keep and to use means of production and personnel on a permanent basis--at least for two or three years. This arrangement has many advantages. It will encourage the team members to exert themselves. If one is to use the same land, draft animals, and implements on a permanent basis, one will be interested in improving the land and in raising the utilization rate of the means of production.

As a result, the team members will improve their skill, a division of labor will be carried out among them, and socialist competition will take place to increase output.

If work-teams are broken up and reorganized many times in the course of a production period, or if the personnel of a work-team is changed frequently, then the members will lose interest in their work and handle tools and implements carelessly.

(3) The membership of work-teams should be carefully selected by taking into consideration the items to be produced by the work-teams concerned, the skill of the cooperative members, their attitude toward work, and their health and sex. Moreover, important production sectors should be manned by core laborers and especially by young people. It is also important to select as team heads and sub-team heads those who are trusted by others and have adequate skill and experience. The success of a work-team is to a great extent dependent on the qualifications of its leaders.

(4) It is advisable to set up an appropriate number of sub-teams under a work-team. A sub-team is set up in order to divide the work among its members in such a manner that the production assignment issued to the work-team can be properly fulfilled. Usually, production assignments are not given to a sub-team.

However, it is necessary to give production assignments to livestock sub-teams and pomiculture sub-teams under an all-purpose work-team, as well as to individual members of livestock sub-teams of an all-purpose work-team. Agricultural sub-teams should consist of 20 members, and livestock sub-teams should include five to 10 members. The size of sub-teams should, of course, not be rigidly fixed; it should vary in accordance with the area of the land worked and the number and location of livestock sheds.

(5) It is advisable to provide a work-team with production plans. Since a work-team is the basic production unit through which the State's production plans are directly implemented, work-teams should be provided with material consumption plans [i.e., plans for consumption of materials], distribution plans, and production plans.

These plans will lay the foundation for applying the independent financial balance system. They will inform the team members of their production goal in order to

encourage them in their efforts to reach that goal. It is therefore necessary to promptly issue these plans at the beginning of the year. Few changes, if any, should be made in these plans after they have been issued.

To assure the successful operation of a work-team, the following measures should be taken. First, daily work assignments should be issued in definite terms on the evening of the preceding day, or, if necessary, on the morning of the preceding day.

It behooves the work-team head to decide on the projects to be carried out during the day and on the amount of labor to be expended on each project. This is done by consulting the work plan of the team before issuing the day's work assignment to individual team members or, if need be, to individual sub-teams.

As for livestock work-teams and sub-teams, it is advisable to issue a periodic assignment, rather than daily assignments, and to ensure that the periodic assignment is correctly fulfilled.

Work assignments should clearly indicate the identity and the number of person who are to work on a given project. They should also indicate the nature and location of the project and how much work is to be done in a day.

Secondly, it is important that the work done by individual team members be accurately assessed in terms of quality as well as quantity. If the quality of a team member's work is accurately assessed, the member will have a more responsible attitude toward his assignment. As a result, output will be raised and so will the team members' income.

Thirdly, the work done by the work-team should be reviewed in time. It is advisable to conduct on a daily basis a review of the work done by the team or by its sub-teams. If the work-team is too large in size, the work of its sub-teams should be examined every day and a review of the team as a whole should be conducted once every several days. The review should be carried out in such a manner as to ascertain how much progress has been made in fulfilling the production plan or work plan of the team or its sub-teams and to distinguish between

those who performed their work satisfactorily or unsatisfactorily. This will induce the team members to do their part in fulfilling plans. The review should last less than half an hour.

The problem of the labor shortage, which occurs periodically or on a seasonal basis is of great significance. The demand for labor is not evenly spread out over the entire year; in winter or in early spring the demand is slight, but at the time of seed-sowing, seedling transplanting, weeding, or reaping, the demand for labor is very great.

To aggravate the problem, more than one type of urgent farm work must be performed at the same time. If this problem of a periodic or seasonal labor shortage is not properly solved, the output of farm products will suffer very serious effects.

One solution is to mechanize farm work. It is important for State-operated farms to arrange their crops in such a manner as to make it possible to mechanize various types of farm work. Labor-consuming work in livestock raising, such as transporting fodder, water, and manure, should also be done by machinery.

Another solution is to exchange the labor supply among the various sectors. For example, the agriculture sector can borrow labor from the construction sector, when the former needs additional labor at the time of seed sowing, seedling transplanting, weeding, or harvesting; on the other hand, the agriculture sector can lend its surplus labor to the construction sector when there is not much work to be done in the fields.

Such an exchange of labor can be carried out among the agriculture, pomiculture, and livestock-raising sectors. In February, March, and October, a great deal of additional labor is needed by the pomiculture sector for pruning, spraying chemicals, administering fertilizer and manure, and picking ripe fruits. This problem of a seasonal labor shortage can be easily solved by borrowing labor from the agriculture sector (and from the construction sector). The pomiculture sector can help the agriculture sector by lending its surplus labor to the agri-

culture sector when the latter needs additional labor to solve the problem of the seasonal labor shortage.

Another solution is to hire the dependents of the employees of the farms. It is very important to set the labor norm for dependents in definite terms and to issue them assignments, whenever possible, on a piecework basis. (Kyongje Chisk, No. 4, April 1960, pages 24-28)

### Functions of Farm Machine Service Stations

[The following is a summary of an article "Let Us Improve the Work of the Farm Machine Service Station" written by Kim Pong-hwa, Nongmin Sinmun, 17 June 1960.]

Under the correct leadership of the Party, our rural areas are being successfully irrigated, electrified and mechanized. As much as 90 percent of the total land area has been electrified; 8,000 tractors (15 h.p. per tractor), animal-drawn farm machines, auto-trucks, and many other advanced farm machines are being used in the countryside.

The Party has urged that all kinds of farm work, including plowing, sowing, and reaping, be performed by machinery. Accordingly, a vital role is to be played by the farm-machine service station (nong kigye chakopso).

What, then, are the tasks to be carried out by the farm-machine stations?

First, the mechanization of farm work should be completed within two or three years. In view of the conditions peculiar to Korea, the mechanization of farm work should be carried out through the comined use of power-operated machines and animal-drawn machines.

However, some farm-machine station workers are not prepared to do their part. They have failed to familiarize themselves with the topographical features of the locality where they are assigned, to assess the number and types of machines needed in completing the mechaniza-

tion of farm work in two or three years, to attempt to discover the plowing method best suited to their locality, and to strive to mechanize the kinds of farm work which are difficult and time-consuming in order to contribute to raising the output of farm products. There are actually some station workers who make hirelings of themselves by trying to perform only easy tasks.

Before the mechanization of farm work can be completed, the work of the farm machine service stations must be expanded in scope and variety. To this end, measures should be taken to enable the stations to carry out their work properly, e.g., securing well-fitting connectors, recruiting competent technicians, and assigning tractor work-teams or sub-teams to localities on a permanent basis.

The presence of permanent tractor work-teams or sub-teams will be conducive to inducing workers to be more responsible toward their duties and will contribute toward the complete mechanization of farm work by helping workers to familiarize themselves with the peculiar conditions of the localities assigned to them.

To achieve complete mechanization, various kinds of difficult and time-consuming work, including transportation, land reclamation, land construction, sowing, weeding, harvesting, grain threshing, and ensilage production, should be performed by machinery. In our rural areas, there are a great many materials to be transported throughout the year: farm-made manure, top soil, harvested crops, and materials to be used in numerous construction projects.

However, a great many deficiencies have been discovered in the farm-machine service stations in the course of mechanizing the various kinds of farm work listed above. Some stations have failed to assign work-teams or sub-teams and the machines worked by these groups to definite localities on a permanent basis; personnel and machines have been assigned and allocated without any plan; and work-teams or sub-teams have been very poorly organized. As a result, the mechanization of farm work has been adversely affected.

Secondly, it behooves the farm machine service stations to furnish agricultural cooperatives with technical services and assistance. To this end, the tractor drivers should abide by technological regulations and take good care of the machines with which they work; they should help the agricultural cooperatives in management and operation tasks, including the organization of production and labor, and should take part in drawing up long-range plans. But some station workers do not handle their machines properly: they will not put on connectors correctly or tighten loose screws. As a result, their machines remain out of use longer than they are actually operated.

Thirdly, close ties should be maintained between the tractor drivers of the farm-machine service station and the members of agricultural cooperative. It is important that the cooperatives treat tractor drivers as they treat their members. At the same time, tractor drivers should be prepared to do their part in raising the agricultural output of the cooperatives concerned.

It is up to the agricultural cooperatives to learn how to utilize tractors and the other farm machines of the service station. This will enable them to fulfill their production assignments by mechanizing farm work, economizing the available labor supply, inducing cooperative members to learn advanced techniques, and transforming the ideology of their members.

Moreover, the agricultural cooperatives should make it possible for tractor drivers to work their machines properly by adjusting the arable land and by building roads and bridges for the tractors to travel on. Since tractor work sub-teams have been attached to agricultural cooperatives on a permanent basis, it is important that measures be taken by the latter to prevent tractor accidents and to encourage drivers to work hard.

These measures should include the setting up a garage for the tractors, keeping an adequate supply of oil, and admitting the drivers' dependents to the cooperatives to improve their livelihood. To enable the tractors to work on a regular basis and to guarantee the quality of their work the heads of agricultural work-teams should confer with the tractor drivers in organizing the work

of their teams. It behooves the leading workers of agricultural cooperatives to learn something about the mechanisms of tractors, to enlist the cooperation of tractor work sub-team heads in formulating five-day work programs accurately, to enable tractor drivers to work effectively, and to correctly assess both the quantity and the quality of the work done by drivers.

It is very important that the ties between tractor drivers and agricultural cooperatives be continuously strengthened. This aspect has not been properly handled. Some cooperatives have failed to take steps to enable tractor drivers to work effectively or to assist the drivers to improve their livelihood. Some drivers are prevented from working effectively because arrangements have not been made for them to eat and sleep on the farm of the cooperatives to which they were assigned.

Five-day work plans have not been worked out for the tractor drivers assigned to Pobongni, Kangso-gun. As a result, they are forced to visit the management committee of the agricultural cooperative every day to receive their assignments for that day. For example, the vice chairman of the committee told a driver to plough the paddy field assigned to the First Work-team.

When the driver arrived there with his tractor, he discovered that the job had already been done with an animal-drawn plough; he had traveled a distance of two kilometers for no reason. Moreover, instead of cooperating with the drivers, the vice chairman has quarreled with them on more than one occasion.

Fourthly, the farm-machine service stations are entrusted with the important tasks of completing the wheat and barely harvest and of sowing the harvested fields. This year, the area under wheat is twice as large as last year; consequently, twice as much wheat will be reaped this year, and this expanded area will be planted with maize. This job cannot be done by following the procedure of last year.

Accurate plans must be worked out by the leading workers of the farm-machine service stations and the agricultural cooperative management committees. The

fields under wheat and barley cultivation should be carefully examined before determining the number of tractors to be used, harvesters and transport facilities should be prepared in advance, and measures should be taken to use machinery to sow the reaped fields in order to economize human labor and raise output. (Nongmin Sinmun, 17 June 1960)

## VI. COMMUNICATIONS

### 1960 Plan Fulfillment

[The following are excerpts from an article by Pae Kwan-bin, "To Successfully Fulfill the 1960 Plan," Ch'esin, No. 5, May 1960, pages 4-5.]

During the first quarter of 1960, the communications sector fulfilled its economic plan by 134 percent, and the length of line adjustment (line adjustment is the central task in 1960) was extended to 3,7000 kilometers.

But the implementation of the plan during the first quarter indicates that the task of communication-line adjustment has not been carried out at the high level demanded by the Party. This is especially manifest in regard to the communication lines linking kun and ri.

In the first quarter of the year, the kun-ri communication line adjustment plan was fulfilled only 68.8 percent; this includes the telephone-line adjustment plan which was fulfilled by 70 percent and the through-wire broadcasting line adjustment plan which was fulfilled by 65.5 percent.

Why is kun-ri communication-line adjustment the central task of the communications sector for 1960?

It is well known that the installation of telephones and the through-wire broadcasting network was basically completed last year. As a result, the importance of kun-ri communications within the overall communications network of our country has increased greatly.

But the conditions of kun-ri communications, and especially those of communication lines, are at a low level, and this situation is impeding the growth of over-all communications in our country. On the other hand, the demand for telephones and public speakers is increasing in cities as socialist construction is moving into high gear and the life of the people is rapidly improving.

For this reason, we should adequately adjust the existing communication facilities especially the kun-ri communication lines, to meet the increased communication needs. However, as Premier Kim Il-sung has suggested, this adjustment should be carried out with existing supplies and labor.

What, then, are the tasks that must be performed to ensure the successful implementation of this year's plan?

First, the kun-ri communication line adjustment and merger plans which have been assigned should be fully implemented. To this end, the means for securing the required supplies, transport, labor, and funds should be correctly determined; these resources should first be concentrated in one area and thereafter moved to other areas.

There are numerous provinces have been making a mechanical application of the normal amount of funds set by the Ministry for each kilometer of line maintenance. At the same time, they are using this figure in the computation of their actual work.

These provinces should work out their own plans for supplies funds, and labor within the context of the assigned tasks and in the light of the concrete situations in each area of the provinces. At the same time, while emphasis should be put on line adjustment, the adjustment work should be carried out in close coordination with the communication-line merger work.

Secondly, after the objects of work have been correctly determined, the labor, supplies, and funds necessary for the implementation of these tasks within each area of the provinces should be adequately allocated.

In particular, the work of the adjustment work teams and merger work teams currently working on kun-ri communication lines should be re-examined before [additional] labor is allocated. This will prevent a waste of labor due to lack of work.

Thirdly, the communication facilities development plan, including provisions for the output of telephones and public speakers, should be implemented in close co-

ordination with the communication-line adjustment plan. If the line-adjustment plan is fulfilled by 100 percent while the facilities-expansion plan is fulfilled by 300 or 400 percent, the result will be an imbalanced plan fulfillment which will worsen the quality of communications. This is precisely what occurred during the first quarter when the line adjustment work could not keep pace with the installation of public speakers in the through-wire broadcasting sector.

Fourthly, works other than those envisaged in the plans should be undertaken only after the State plans have been fulfilled and with resources economized in the course of implementing these State plans. The line-merger work, work on the installation of additional lines for kun-ri telephones, work on the conversion of telephone lines currently used together with other ministries into the Ministry's private lines, or work on switching over to real wire (silson) with the increase of voltage to 220V in through-wire broadcasting should not be begun before the State plans have been fulfilled.

In view of the present circumstances in the communications sector, any and all internal resources and potentials remaining after the fulfillment of State plans should be allocated in full for additional adjustment work on kun-ri lines.

Fifthly, supplies and materials recovered in the course of line merger work should be effectively and timely used for the kun-ri line adjustment work in each area. (Ch'esin, No. 5, May 1960, pages 4-5)

#### Improvement in Mail Service

[The following are excerpts from an editorial, "Let Us Speed Up the Delivery of Mails and Printed Materials," Ch'esin, No. 5, May 1960, pages 2-3.]

In the past, mail was delivered on the same day to only 24.8 percent of the total rural ri in the country; but today all these ri receive mail within 24 hours after mail has been posted.

But since the Party and managerial officials of agricultural cooperatives [there is one cooperative per ri] usually go into the field and work together with cooperative members, it is now necessary to deliver mail not to the ri but to each work-team and, if possible, to individual homes.

To this end, the leading officials of postal organs should reorganize their collection-delivery zones after examining the concrete conditions in these zones and after consulting with the mail-carriers. This reorganization, however, should not be carried out on the basis of the distance covered by mail-carriers in one week, but on the basis of the average amount of mail delivered per day as well as the locations of the homes within their zones.

At the same time, this reorganization should also be carried out in such a manner that the mail-carriers will be ensured a full 480-minute work day.

In particular, delivery routes should be correctly charted so that many mailmen do not go through the same zone repeatedly. In every zone, the delivery of mail to homes on both sides of a road should be done by one mail carrier; this will prevent a waste of labor.

In assigning zones to individual mail carriers, the concern should not be that of assigning one zone per carrier; rather, the assignment should be carried out in such a manner as to ensure a 480-minute work day to every carrier by reducing the area of some zones and by increasing that of others. In regions where such rezoning cannot reasonably ensure a 480-minute work day, the collection-delivery-in-residence zones (chujae chibbaegu) or overnight zones (sukpakku) should be utilized.

By utilizing to the fullest extent all media of delivery, e.g., trains, cars, and bicycles, mail-carriers should reduce the time required for mail-delivery and should extend their delivery service to individual homes. (Ch'esin, No. 5, May 1960, pages 2-3)

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