

~~CONFIDENTIAL~~

FAR EAST SURVEY
7 MAY 1953

- B 1 -

N O R T H K O R E A

International Solidarity Supports War Effort: The bulk of Pyongyang's voluminous comment on May Day propagandizes the international solidarity in which North Korea participates and from which she benefits. Special attention is paid to Soviet benevolence and Chinese support and to the vast material and moral aid allegedly received from other members of the "democratic" camp. As has been true in the past, although Soviet leadership is acknowledged Soviet aid is treated only in general terms. More specific references are made to Chinese support, particularly to the "lofty moral principles and noble internationalist ideologies" motivating the Chinese Volunteers and to the Resist-America, Aid-Korea campaign which is being "stepped up." Chinese intervention in the Korean war at its most critical moment is recalled and the firm friendship between China and Korea is reaffirmed.

The more specific praise given the Chinese seems motivated more by the objective situation than by any change in status or alignment within the Communist camp. The overwhelming stress given international support, while it is a natural part of May Day propaganda, is also a reflection of the need to reassure the Korean people of the international recognition of their struggle. In this vein Pyongyang is careful to identify Malenkov as the successor to Stalin's well-known policy of support for the Korean people and in contrast to the Soviet May Day slogans, Pyongyang hails Malenkov's leadership and his friendship for Korea.

The Korean war itself remains the unifying theme of all May Day comment. There is no apparent indication of a relaxation of the war effort or of an attempt to divert popular attention to tasks not directly related to the war. While ultimate victory is promised, the people are warned of hardships and difficulties in store before unification and independence is achieved. Kim's May Day message implies, however, that the defensive nature of the struggle will continue.

New Interest Rates Will Combat Inflation: Domestic comment continues to stress the needs of spring agricultural preparations. Both monetary and honorary rewards for the leading county, ri and village have now been established to provide incentive for increased farm production. Additionally, organization of worker teams to assist in farm production is being pushed and the workers are admonished to provide real assistance to the farmers.

North Korea has apparently taken its first step in a new effort to control inflation. Interest rates on commercial and private deposits have been increased in order to attract reserve and idle funds into bank deposits so that this wealth may be made available "for wartime production." In addition, interest rates on commercial loans have been eased. These changed regulations seem designed to relieve the pressures of inflation caused by the lack of consumer goods by removing excess money from circulation and making the new deposits available to selected industries at cheaper rates, thus stimulating production. Greater Government control over the granting of new loans is also indicated.

~~CONFIDENTIAL~~