

History and Present of Independent Economic Development of DPRK

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In the book “Understanding the DPRK’s Economy-5” published in Pyongyang in 2016, the DPRK economic system is described as a “planned economy on the form of socialist ownership” and “an organic entity that ensures the independence and creativity of enterprises under the unified management of the state.” On the other hand, the concept of “planned economy” was considered as “a type of balanced and planned economy implemented according to the integrated strategy of the state.” Also, the country’s economy is self-supported or nationally independent.

After the liberation of the country from the Japanese invaders in August 1945, President Kim Il Sung enforced the policy of developing the national economy based on independent principles. The first factor in building a self-sustaining economy is a self-reliance mindset. And the main goal is to implement independent policies in the political, economic and defense sectors. The DPRK calls its calendar “Juche” and 2023 is “Juche 112th” year.

The DPRK has focused efforts on laying a reliable and strong economic base. Firstly, the independent, modern heavy industry was created. Secondly, it has expanded the structure of a diversified and comprehensive economy. Thirdly, it has established its own raw material base. Fourthly, all economic sectors are equipped with modern equipment.

Along with the development of light industry and agriculture, after advancing the direction of further development of heavy industry, the total industrial product in 1957-1960 increased by 3.5 times and in 1970-1979 by an average of 15.9 percent annually. The program for strengthening the material and technical base of socialist economy was approved by the Third Congress of the Workers’ Party of Korea (WPK) in 1956, and it is considered that the program was fully implemented as a result of the implementation of the “First Five-Year Plan” of 1957 and the “First Seven-Year Plan” of 1961. The realization of the industrial plan of the same year reached 17 percent, and from this period the Chollima movement was launched to wage socialist

construction in all fields such as economy, culture, and ideology.

In September 1958, President Kim Il Sung convened a plenary meeting of the Central Committee of the WPK and emphasized the need for intensive development of metallurgical and machine-building industries, as well as the expansion of irrigated area to a million hectares, in order to accelerate socialist construction. As a result, in 1958, the DPRK produced the first truck of the “*Sungni-58*” model, and in 1961, the electric train named “Red Flag No. 1” was also produced for the first time.

In 1960, the total industrial production increased by 9 times compared to that of in 1956, especially in the field of heavy industry, there was a big change. Between 1957 and 1960, electricity production increased 1.8 times, fuel production 2.8 times, mining industry production 2.6 times, metallurgical industry production 3 times, chemical production 4.5 times and machinery production by 4.7 times. Also, the production of agricultural products increased significantly. Judging from the results of the 1960 harvest, the total harvest immediately increased by 140 percent from the 1956 figure. Grain production reached 3.8 million tons, while cotton production increased by 138 percent, flax production by 466 percent, and hemp by 412 percent.

President Kim Il Sung said.

“If our country is to be economically independent and catch up with the advanced countries in all fields, it must shake off its industrial backwardness to build an independent industry capable of manufacturing everything to meet its domestic needs. Industrial progress is the key to the rapid development of agriculture and all other spheres of the national economy.”

By the late 1980s, production in all industrial sectors had grown at an unprecedented rate. But in the 1990s, the country faced severe economic development challenges due to the collapse of the socialist market and natural disasters.

However, based on a self-sustaining economic base, the country’s economy, which was in a deep crisis in the 1990s, began to recover from the end of 1999. In 2000, more than 2 600 enterprises exceeded their annual plans, and as a result, the total volume of production increased by 1.1 times compared to the previous year.

The major newspapers of the DPRK reported on the economic situation of the country. In 2001, total budget revenue was announced at 21 639 941 000

won, up to 0.3 percent from the planned 21 570 800 000 won.

Also, 27 ministries and state administrative organizations, 56 enterprises and associations and administrative bureaus, such as the Ministry of Electric Power and Coal Industry, Ministry of Land and Maritime Transport, fulfilled their plans.

Regarding foreign trade, including the types of export goods, in 2003 natural and marine products (39%), textile products (18%), electronic goods (13%) and mining products accounted for only 7%, while in 2008 mining products accounted for 41 percent of total exports.

Leader Kim Jong Un during his participation in the Plenary Meeting of the Central Committee of the WPK on March 31, 2013, announced the policy direction of “simultaneously conducting economic construction and building up nuclear forces” and in the same year in May, it was announced that special economic zones would be established in total of 26 places in the country.

According to this policy, a total of 13 special economic zones were established in November 2013, of which 4 are economic development zones, 3 are industrial development zones and 2 are agricultural development and tourism development zones. Accordingly, these special zones can host various activities such as industry, agriculture, tourism, etc.

Leader Kim Jong Un said in 2019.

“We should rely on our own technical forces and resources and the high creative spirit and revolutionary enthusiasm of all the people so as to succeed in attaining the strategic goals of national economic development and enter a new stage of growth.”

So, the economic direction of the DPRK contained the following two objectives. It includes:

1 To further improve the independent economic structure - make efforts to create a diversified and comprehensive economic structure based on science, technology and natural resources, and create new industrial development trends while modernizing the industrial sector based on modern scientific achievements and technologies.

2 To improve economic management methods and systems-When updating these methods, it is important to implement them based on your own model or “Juche” concept, and to coordinate the activities of government institutions with economic development.

Finally, it is, about the Mongolia’s case, how to connect the policy in our

country, especially when the COVID-19 pandemic has clearly exposed our “human weakness”. Therefore, although in the current situation, our two countries have different social and political structures, and the environment and economic development history are different, there are many things to learn from each other.