

## **June 11, 1960**

### **The Economy of the DPRK**

#### **Citation:**

"The Economy of the DPRK", June 11, 1960, Wilson Center Digital Archive, AVPRF fond 0102, opis 16, papka 87, delo 29. Translated for NKIDP by Gary Goldberg.  
<https://wilson-center-digital-archive.dvincitest.com/document/116328>

#### **Summary:**

Turaginov reports on the development of the DPRK economy in comparison to the colonial period in the areas of industry, agriculture, and living standards of the population.

#### **Credits:**

This document was made possible with support from ROK Ministry of Unification

#### **Original Language:**

Russian

#### **Contents:**

Translation - English

SECRET Copy N° 1  
11 June 1960  
N° 431/dv

THE ECONOMY OF THE DPRK  
(a brief memorandum)

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11 June 1960]

In the period of Japanese colonial domination Korea was turned into a raw material and military industrial appendage of Japan, into a market for the sale of goods of Japanese industry and a source of a cheap labor force. It was a backward agricultural country.

Industry. Japanese monopolies owned almost all the industrial enterprises and banks in Korea. In 1944 Japanese capital stock was 96% of the capital of all stock companies. When withdrawing from Korea in 1945 the Japanese took almost all the electric power stations out of commission, and flooded many mines. Consequently, in 1946 the value of gross industrial production was only 25.6% of the 1944 level.

After the liberation of the country as a result of repair work and capital construction by the end of 1949 industrial production in the DPRK had reached the maximum industrial production level of 1944. However, during the three-year war (1950-1953) more than 8,700 enterprises were destroyed and gross industrial production dropped by more than 40%. The metallurgical, chemical, coal, and energy sectors of industry suffered especially badly.

In the postwar period the Korean Worker's Party adopted a firm course of developing heavy industry with the simultaneous development of light industry and agriculture.

The volume of industrial production in the DPRK during the five postwar years grew at an annual rate of 42%, and in 1959 by 53%. [Translator's note: the text continues to repeat identical text in the 16 May report from this point forward through the end of the chart, but adds one category not in the first chart:

fish catch in thousands of tons. 273.0 in 1949; 122.0 in 1953, and 558.0 in 1959.

[unique text resumes:]

During the postwar years DPRK industry mastered the production of lathes and cutting tools, electric motors of varying power, trucks, tractors, 60-ton freight cars, and other modern products. The proportion of machinebuilding and metalworking industry in the total volume of industrial production rose from 1.6% in 1944 to 14.3% in 1959.

Recently great attention has started to also be paid to the development of the industry producing consumer goods, especially after the June (1958) plenum of the CC of the Worker's Party, which examined the question of increasing the production of consumer goods. Whereas in 1949 the textile industry constituted only 11.4% of gross production, in 1959 it had reached 21%. The volume of production of local industry during 1959 increased by 2.2 times, and its proportion in the production of consumer goods reached 39%.

[Footnote appended to the 1959 figures only in the repetition of the chart:]

\* DPRK TsSU [Central Statistical Directorate] report, Rodong Sinmun newspaper, 17 January 1960.

Having achieved high industrial growth rates the friends could also, however, have achieved a serious improvement in such technical economic indicators as prime cost, production quality, and smooth production flow. Labor productivity in industry rose by only by three percent in industry, and in construction even declined by two percent. The number of manual laborers and office workers in the economy in the year increased by 42% and was 1,392,000 people. It ought to also be noted that in 1959 there were serious shortcomings in the field of planning in the DPRK. The economic plan for 1959, which envisioned a growth of industrial production of 2.1 times the 1958 level, was clearly inflated in view of the fact that the target figures were repeatedly reduced during the year. In 1959 the friends actually operated without a plan.

Nineteen-sixty is viewed by the friends as "the year of tightening" of those industrial sectors for which there was a lag in meeting the targets of the five-year plan (the friends call this a year of "adjustment [regulirovanie]"). The plan for 1960 provides for a 12.5% increase of gross industrial output. It is proposed to eliminate the lag of the mining and energy industries this year, and to also considerably improve the operation of transport.

Agriculture. In the period of Japanese rule in Korea 80% of the peasant homes either did not have land or owned tiny plots.

As a result of the land reform carried out in North Korea in the spring of 1946 725,000 farms of farmhands and peasants with no or little land received the use of about one million jeongbo\* of land free of charge. The reform put an end to the feudal and serf relations in the countryside. In 1948 the gross harvest of the main agricultural crops was already higher than in 1944. However, beginning in 1950 the war inflicted great damage on agriculture: about 370,000 jeongbo of watered land suffered; 250,000 head of cattle died (14% of the herd), and 380,000 pigs (23% of the total number).

\* one jeongbo is 0.99 hectare.

Immediately after the war the CC of the Worker's Party of Korea adopted a policy of cooperation of the countryside, which was fully completed in August 1958. In autumn of that year a consolidation of agricultural cooperatives was carried out with the expectation that all the agricultural cooperatives would be combined into one on the scale of each rural administrative-territorial unit, the ri. The functions of the chairman of the board of the agricultural cooperative and chairman of the people's committee became combined in one person. At the present time there are 3,740 agricultural cooperatives in the DPRK uniting more than one million peasant farms and 196 state farms. The land worked by state farms is 74,000 jeongbo.

Grain farming is the basis of agriculture in the DPRK. The total of land being worked in 1959 is 1,748,000 [jeongbo] and the total planted area taking into consideration reseeded and intercropping is 2,429,000 jeongbo, including 1,656,000 for grain. The irrigated land area has been brought up to 800,000 jeongbo.

In 1959 the planted area for corn was reduced by 348,000 jeongbo [Translator's note: SIC, the unit of measurement was given as hectares in the 16 May report] as a result of a miscalculation by planning organizations. The gross grain harvest was 3.4 million tons this year according to data of the DPRK TsSU (against the planned amount of 5,177,000 tons).

The gross harvest of the main grain and industrial crops in 1959 is described by the following data:

□□□□□□□□(in thousands of tons)

□□□	
□□□□	
name	
1949	
1958	
1959	□□□
□□□□	
grain	
2,654	
3,437	
3,400	□□□
□□□□	
including rice	
1,158	
1,508	
1,816	□□□
□□□□	
raw cotton	
78	
51	
39.6	□□□
□□□□	
flax (straw)	
3	
16.7	
30	□□□
□□□□	
potatoes and sweet potatoes	
782	
1,358	
839	□□ □□

The DPRK still does not supply domestic needs with its own grain production. The friends intend to buy about 500,000 tons of wheat on the world market this year.

The production of cotton is also lagging badly, which is explained by the low purchase prices for industrial crops which existed until recently.

The 1959 rice yield was 34.9 centners; corn, 17 centners; wheat, 11.8 centners; raw cotton, 7.5 centners; and flax straw, 9.5 centners per jeongbo. One hundred and eighty-eight kg of mineral fertilizers were applied per jeongbo last year against 108 kg in 1949.

Animal husbandry is poorly developed in the DPRK. As of the end of 1959 there were 711,000 head of cattle (786,800 in 1949); 1,613,000 pigs (659,600 in 1949); and 180,000 sheep and goats. Dairy farming is also beginning to be created (a total of 5,300 head).

The poor mechanization of agricultural work is also a bottleneck in agriculture. The tractor pool in 1959 was equivalent to 8,000 15-horsepower units.

The Worker's Party CC plenum held in December 1959 set the task of basically completing the mechanization of agriculture in the next three or four years.

The 1960 plan provides for some increase in the area planted with grain crops. It provides for bringing the area planted for corn up to 755,000 jeongbo (it was 478,000 in 1959). It provides for a grain harvest of 3,800,000 tons (it was to be 3,761,000 tons for the last year of the five-year plan).

A growth in the herd of livestock is envisioned: cattle up to 850,000 head; pigs, 2,589,000; sheep and goats, 237,000.

The living standards of the population. The living standards of the workers DPRK have risen on the basis of the successes achieved in the development of agriculture. In 1959 wages rose by 43%. The real wages of manual laborers and office workers has reached the prewar level. In the postwar years 11,800,000 [square] meters of housing has been built in just the cities and worker's settlements.

The material welfare of the peasants has also improved. In 1958 each peasant household received an average of 1,742 kg of grain, 434 kg of potatoes, and 137 won in money (the average monthly wage of manual laborers and office workers is 43 won). In February 1959 the agricultural tax in kind was reduced. For rice it is now 11-14% instead of 27%.

However, the population is still experience difficulties with food, clothing, and housing. The supply of one of the main food products, grain, is being rationed as before. The remaining consumer goods, although they are available for purchase, are of poor quality; however, the prices for them are quite high. There are almost no meat and meat products for sale. The overwhelming majority of the population does not use butter, milk, and sugar in food.

DPRK workers enjoy free medical aid and free education. Beginning in the fall of 1958 a seven-year education is mandatory. At the present time there are 37 higher educational institutions in the DPRK (there was not a single higher educational institution in North Korea under the Japanese) and about 8,000 schools and various educational institutions, in which 2.5 million people study, that is, every fourth person.

The prospects for the development of the DPRK. A complete dominance of socialist industrial relations has been established in the city and countryside as a result of the fulfillment of the first five-year plan in the DPRK; the DPRK has been turned into a socialist industrial and agrarian state. The proportion of industrial production in the economy is 70%.

At the present time the Korean friends are working on drawing up a seven-year plan for the development of the DPRK.

Relying on the successes achieved in the development of the country's economy as far back as at the end of 1958 the DPRK government was still advancing a long-range task: to increase the production of the most important types of products by several times in the next six or seven years and to bring the production of electric power to 20 million kilowatt-hours, the extraction of coal to 25 million tons, the production of cast iron to four million tons, of steel to 3-3.5 million tons, of cement to five million tons, of mineral fertilizer to 1.5-2 million tons, the production of textiles to 500 million

meters, the fish catch to one million tons, and to raise the production of grain to seven million tons including more than four million tons of rice. The Korean friends think that when this task is accomplished, socialism will be built in the DPRK.

CHIEF OF THE USSR MFA FAR EAST DEPARTMENT

██████████[signature]:

(I. TUGARINOV)

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