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**The Economy of the DPRK and South Korea in the
Postwar Period**

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Summary:

Tugarinov compares the economy of the DPRK and South Korea in the postwar period, and notes DPRK's superiority in its level of industrial production and standard of living.

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THE ECONOMY OF THE DPRK AND SOUTH KOREA IN THE POSTWAR PERIOD (a brief memorandum)

I. THE DPRK

The economic policy of the Korean Worker's Party in the postwar period has been directed at the priority development of heavy industry with the simultaneous development of light industry and agriculture.

The volume of industrial production in the DPRK grew by an annual average of 42% in the five postwar years, and by 53% in 1959. The first five-year plan (1957-1961) was fulfilled by July 1959 in the level of industrial production, that is, in 2.5 years. In 1959 the level of industrial production had risen by 6.1 times compared to the prewar year 1949 and exceeded the level set by the five-year plan for 1961 by 15%. However, in 1959 the targets of the five-year plan to produce electric power, extract coal, produce cast iron, steel, rolled products, copper, zinc, cement, mineral fertilizer, and textiles were not fulfilled. Thus, the five-year plan was not fulfilled through the leading sectors of heavy industry.

The high growth rates and the early fulfillment of the five-year plan for gross industrial production was achieved to a considerable degree as a result of putting into operation new industrial capabilities created with the aid of socialist countries.

The production of the most important types of industrial products in the DPRK is described by the following data:

	1949	1953	1959
types of products	100	100	100
unit of measurement	1000	1000	1000
electric power	5.9	1.0	7.8
billions of kilowatt-hours	1000	1000	1000
coal	4.0	0.7	8,854.0
thousands of tons	1000	1000	1000
cast iron	166.0	166.0	166.0
"	1000	1000	1000

694.0 million tons
 steel 144.4 million tons
 " 3.6 million tons
 451.0 million tons
 rolled products 116.0 million tons
 " 3.5 million tons
 331.0 million tons
 mineral fertilizer 401.2 million tons
 " 391.0 million tons
 cement 536.6 million tons
 " 26.5 million tons
 1,926.0 million tons
 textiles (various) 12.8 million meters
 millions of meters 21.6 million meters
 158.0 million tons

Labor productivity in industry rose by only three percent in industry in 1959, and in construction even declined by two percent. The number of manual laborers and office workers in the economy in that same year increased by 42% and was 1,392,000 people.

Nineteen-sixty was planned as "the year of tightening" of reserves to finish the five-year plan for all industrial sectors. The plan for 1960 provides for a 12.5% increase of gross industrial output.

The cooperation of agriculture was concluded in 1958 in the DPRK and a consolidation of the agricultural cooperatives was carried out. Three thousand and eight hundred and forty-three agricultural cooperatives were created instead of 13,309. As a result of carrying out considerable irrigation work the area of irrigated land now reaches 800,000 hectares, or one-third of planted areas.

Grain farming is the basis of DPRK agriculture. In 1959 the planted area for corn was reduced by 348,000 hectares as a result of a miscalculation by planning organizations. The gross grain harvest was 3.4 million tons this year, that is, somewhat less than in 1958.

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

(in thousands of tons)

	1949	1958	1959 actual
grain	2,654	3,437	3,400
including rice	1,158	1,508	1,816
raw cotton	78	51	39.6
potatoes and sweet potatoes	782	1,358	839

[Translator's note: a page is missing at this point]

...1958 - 4%, but in 1959 industrial production declined somewhat.

Unlike the DPRK South Korea has an extremely low level of industrial development. Industrial production is only 13% of the total volume of national production. There is almost no metallurgy, machinebuilding, or other sectors in the country, and electric power, and the mining and chemical sectors of industry are poorly developed.

South Korea lags considerably behind the DPRK in all primary economic indicators, and especially in per capita industrial production.

	total production in the first half of 1959	per capita during this period
unit of measurement	DPRK	South Korea

unit of measurement 단위 단위 단위

DPRK 북한 북한

South Korea 남한 남한

 한국

electric power 전력 전력 전력

billions of kilowatt-hours 수십 수십 수십

3.6 수십 수십 수십

0.8 수십 수십 수십

kilowatt-hours 수십 수십 수십

380 수십 수십 수십

38 수십 수십

 한국

coal 석탄 석탄 석탄

millions of tons 수십 수십 수십

4.5 수십 수십 수십

1.8 수십 수십 수십

kg 수십 수십 수십

470 수십 수십 수십

81 수십 수십

 한국

steel 강철 강철 강철

thousands of tons 수십 수십 수십

223 수십 수십 수십

20 수십 수십 수십

" 수십 수십 수십

23 수십 수십 수십

1 수십 수십

 한국

rolled products 강철 강철 강철

" 수십 수십 수십

161 수십 수십 수십

none 수십 수십 수십

" 수십 수십 수십

17 수십 수십 수십

none 수십 수십

 한국

cement 시멘트 시멘트 시멘트

" 수십 수십 수십

930 수십 수십 수십

149 수십 수십 수십

" 수십 수십 수십

98 수십 수십 수십

7 수십 수십

 한국

chemical fertilizer 화학 화학 화학

" 수십 수십 수십

204 수십 수십 수십

none 수십 수십 수십

" 수십 수십 수십

21 000 000 000
 none 000 00
 000 000
 total textiles 000 000 000
 millions of meters 000 000 000
 70 000 000 000
 99* 000 000 000
 meters 000 000 000
 7.4 000 000 000
 5.9 000 00
 000 000
 shoes (less leather) 000 000 000
 millions of pairs 000 000 000
 11.0 000 000 000
 26.7 000 000 000
 pairs 000 000 000
 1.2 000 000 000
 1.2 000 00
 000 000
 seafood 000 000 000
 thousands of tons 000 000 000
 161 000 000 000
 173 000 000 000
 kg 000 000 000
 17 000 000 000
 8 000 00

* - millions of square meters [Mln. m²]

South Korea, which was the entire country's granary before the liberation of Korea, now does not provide its own domestic needs in agricultural products. The gross grain harvest in South Korea in the best harvest year of 1958 was 3.75 million tons, that is, about 170 kg per capita, but in the DPRK with considerably less area under cultivation it was 3.4 million tons, that is, 340 kg per capita.

Animal husbandry is poorly developed in South Korea. The total number of livestock at the end of 1958 was 1,001,000 cattle and 1,324,000 pigs.

South Korea imported 987,000 tons of grain in 1958, mainly wheat; in 1959 it was about 950,000 tons.

During the period after the liberation of Korea the United States gave South Korea about \$2.8 billion of aid, to a considerable degree from the importation of consumer goods (about 70% of the total amount of the aid).

The standard of living of the employed population in South Korea is somewhat higher than in the DPRK. However, considering the fact that every fifth person fit for work is completely or partially out of work at the same time as the DPRK population is fully employed, one can conclude that the average standard of living of the population in South Korea is lower than in the DPRK. This conclusion is confirmed by the average norms of the consumption of the main food product throughout the country, grain. In South Korea the consumption of grain per capita is 510 grams in the countryside and

360 grams a day in the rest of the population. In the DPRK it is respectively 620 grams and 570 grams a day.

CHIEF OF THE USSR MFA FAR EAST DEPARTMENT

[handwritten]: I. I. (I. TUGARINOV)

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