

Direction of the DPRK Economy—“strategy for the development and reinforcement of the industrial base” and new ways for implementation of a policy (Summary)

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The Democratic People’s Republic of Korea (hereafter DPRK) formulated a new Five-Year National Economic Development Plan (hereafter “Five-Year Plan”) at the 8th Congress of the Workers’ Party of Korea (WPK) held in January 2021. This plan was formulated on the premise of a difficult economic environment, with economic sanctions imposed by UN Security Council resolutions, as well as a substantial cutoff of external economic relations due to the total blockade of its own borders to limit the impact of COVID-19.

The goal of the Five-Year Plan is to ensure that economic management is independent of external economic relations. To achieve this, the plan emphasizes restoring organic linkages among the economic sectors to which the planned economy applies and strengthening the independent foundation of the economy. To this end, a strategy for the development and reinforcement of the industrial base will be realized. This plan is being carried out with the basic theme of “self-reliance and self-sufficiency”.

This methodology reaffirms the line of building an independent national economy that the DPRK has maintained since its establishment. The WPK and the DPRK governments have a strong will to break through the difficulties of the real situation they find themselves in by taking an independent line.

The DPRK is showing that it will not abandon its traditional line and will stick to it even in the midst of a harsh, isolated environment. At the same time, it is boldly taking a scalpel to its traditional economic management system and constantly pursuing improvements in economic management. Simultaneously, it is promoting a generational change in party cadres and economic bureaucrats plus thoroughly pursuing a meritocracy. The fact that it adheres to a pragmatic approach in the management of the state shows that its current policies are not mere dogmatism or a return to the past.

The Five-Year Plan, formulated after a rigorous review of the Five-Year Strategy for the Development of the National Economy, which was carried out for five years starting in 2016, has been promoted since its first year in a manner that goes beyond mere economic planning and mobilizes the entire management of the WPK and the Cabinet. While improving the system in the operation of enterprises and cooperative farms, which are the main economic actors, the plan has also strictly pursued the responsibilities of the WPK organization, which politically guarantees economic policy, the WPK executives, and the economic bureaucrats who are in charge of the national economy.

During this period, the committee set forth a direction to promote the substitution of imports of energy and raw materials by actively promoting the active use of natural energy and recycling of resources, centered on the development of science and technology. At the same time, to solve the food problem, the policy to encourage a shift from traditional corn cultivation to wheat and barley cultivation was presented. It also proposed a direction to promote development in rural areas to eliminate the disparity between urban and rural areas and to promote balanced development.

The Five-Year Plan, which began in this manner, is now in its second year. However, in May 2022, the first case of COVID-19 infection was confirmed in the DPRK. The DPRK faced the constraint of reduced economic activity due to the lockdown in various regions of the country.

Under these circumstances, the Fifth Enlarged Plenary Meeting of Eighth WPK Central Committee assessed that the execution of economic policies in the first half of FY2022 was stable and maintained a steady pace of development even under the emergency situation. The meeting then highlighted agriculture and the production of consumer goods needed for daily life as urgent tasks on this year’s economic agenda.

However, the new situation of the COVID-19 outbreak in the DPRK will inevitably have a negative impact on the future management of the economy, and it remains to be seen how the WPK and the DPRK governments will manage the economy from this point forward.

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