NORTH KOREA IN THE SOCIALIST WORLD:
INTEGRATION AND DIVERGENCE, 1945-1970

THE CROSSROADS OF POLITICS AND ECONOMICS

by

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ABSTRACT

This thesis investigates the background behind the resilience of North Korean system, one which has endured numerous shocks and upheavals in its history. The era from 1945 to 1970 was decisive in the formation of North Korea’s domestic system; it also provides sufficient perspective to examine the major trends in the evolution of North Korea’s political and economic structure. The thesis analyzes DPRK history from the perspective of the regime’s internal and external integration into the socialist system, as well as efforts to diverge from that system. The dynamics of integration and divergence relate to the commonalities and distinctiveness of North Korea’s political and economic structure compared to other socialist countries, mainly the Soviet Union and China.

This thesis studies the formation and evolution of North Korea’s political economy and defines its uniqueness within the socialist system. Socialist aid and trade are one focus of the study. We analyze four realms of relationships – ideology, politics, economy, and security. The northern regime’s ideological positioning was closely linked to North Korea’s nationalist course and to the regime’s divergence from the socialist system; economic considerations and security imperatives, by contrast, tended to push the regime toward the socialist world. The thesis defines North Korea’s place in the socialist world from the viewpoint of the interaction between politics and economics. It argues that despite North Korea’s ideological and political divergences from the socialist system based on the Chuch’e (self-reliance) paradigm, the regime remained more integrated economically than is usually perceived. This factor is one of the main reasons for the DPRK’s ability to withstand the blow of the Soviet collapse, for it retained considerable economic ties to China. During the 1945-1970 era, North Korea occasionally deviated from one or another of its two major allies, but it never distanced itself from both the Soviet Union and
the People’s Republic of China simultaneously. The DPRK also tried to compensate reductions in its interactions with one major ally or camp, including the Eastern bloc, by nurturing more active relations with capitalist states. This trend represents an important consistency in North Korea’s history.
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To my son
CHAPTER ONE

Introduction

At one point in modern world history, in the middle of the 20th century, it seemed that the march of socialism around the globe was unstoppable. With the communist victory in China in 1949, the socialist world encompassed the larger part of Eurasia. North Korea’s location on the Northeast Asian edge of the socialist world shaped its position as one of the frontiers in the global rivalry between two political and economic systems.¹

The Democratic People’s Republic of Korea (DPRK) was established in 1948 as a result of the Soviet occupation north of the 38th parallel on the Korean peninsula. The end of the 1940s also marked the creation of an international “socialist system.”² Before that time only the Soviet Union and Mongolia constituted the “socialist family,” but given the dependency of Mongolia on the USSR and the relatively small size of its economy, one can assert that Moscow stood alone in its socialist quest.

To a considerable extent, the Soviet Union facilitated the creation of the system, but the

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¹ Interestingly, this frontier role was consistent with Korea’s position in the traditional Sino-centric world order in Asia.
² The term “system” needs clarification in the context of this study. “System” is often associated with single entity and structure. Here it is used more freely to define the formation of international structure, which was constituted by the socialist countries in the post-World War Two period – opposite to the American dominated system in the ensuing years of the Cold War. The establishment of security regime in Eastern Europe within the Warsaw Pact and the security treaties between the USSR and the PRC and the USSR and the DPRK, respectively, plus the economic cooperation among the socialist countries in the 1950s formed international relations and structures which come the closest to what can be defined as “socialist system.” Although the emerging socialist system was Soviet dominated, it was not a mere extension of the Soviet Union (which was a subsystem by itself, based on the territory of the former Russian empire). “Socialist world” is probably better description for the group of the socialist countries after the 1950s, because the two largest countries in the community – the USSR and the PRC – did not live in harmony for the most part of the period under consideration and because their economies were not linked in any significant way after the Sino-Soviet split in the early 1960s. After the split one can point to the existence of one centre around the Soviet Union and another – China, which for the better part of the 1960s and the 1970s pursued isolationist and autarkic policies. Since the 1960s Albania fell into the Chinese orbit of influence, but the two countries hardly constituted a separate centre of the system. Romania also tilted toward China at times, but its economy and security were still part of the Soviet dominated system. The North Korean position between the two major parts of the socialist world was precarious and this is the subject of detailed elaboration in this study.
socialist revolutions were also internal phenomena born in specific local conditions. The weight of internal and external factors in the revolutions varied from country to country and it is impossible to measure precisely the significance of the two groups, because it was the interaction between the two that made the political and economic transformation possible. But the internal factors of the revolutions were more pronounced in Asia than in Europe probably because the Soviet Union had less leverage in Asia than in Eastern Europe and because the Asian societies went through post-colonial reconstruction and nation building which impacted the socialist paradigm of development. The demise of the Soviet Union in 1991 ended the European socialist system, but other parts of Asia – most notably China – managed to adjust to the changing world through opening and market reforms.

North Korea has shown remarkable sustainability despite all odds. Thus we arrive at the main question: why North Korean system has been so resilient so far, defying the “logic” of isolation which implies rigidity and more fragile survival abilities. The answer is studying the roots of the North Korean system and its integration into the socialist world. This thesis investigates the background behind the resilience of North Korean system, one which has endured numerous shocks and upheavals in its history.

After the Sino-Soviet split in the late 1950s and early 1960s, North Korea was probably the only country which remained an ally of both China and the Eastern “bloc” countries, although there were high and low points in the relations with the two socialist camps. This duality is one of the keys to understanding the resilience of the North Korean system, despite the collapse of the Soviet system in the late 1980s. The DPRK lost one of its two foreign benefactors, but the other – the PRC – has remained a crucial ally to date. It is notable that there was no period in North Korea’s history, when the country distanced itself from both socialist
camps. Even during the deviations from the Soviet Union and China at times, North Korea was always well connected with at least one of the two big socialist countries.

Just as interaction with its surrounding environment is vital for the existence of a living organism, a country’s relations with the outside world define its character and “life span.” The more intensive the relations, the better the chances for development and longevity. Historically, the most prosperous nations and communities are those that are the most integrated into regional and world systems. This is valid for the contemporary world as well. However, it appears that North Korean history defies such “naturalistic” logic as the DPRK is arguably one of the most (if not the most) isolated countries on earth and yet it has lasted more than six decades, approaching the historical “limit” of seven decades of the socialist pioneer – the Soviet Union.

The goal of this study is to examine the dynamics behind such perceived isolation and to show that historically the DPRK was not as isolated as it has been perceived at least in the popular historical imagination. The relative level of North Korea’s integration into the socialist system is the key to the answer of the question of the country’s sustainability. That is why the focus of the thesis is the place of North Korea in the socialist world and how North Koreans defined their own development. The relationship between politics of isolation and economic integration has been one of the defining processes in North Korea’s history. Therefore, we study the history of the DPRK by viewing North Korean development as a crossroad of politics and economics.

*Theoretical framework*

Jan de Vries defines a system as having a degree of connectivity and integration in such
a way that if one part is taken out, the system cannot function (even cannot exist).\textsuperscript{3} We will modify this definition to include interdependency of the individual economies – the “autonomous” parts of the system. There could be a “system” which does not necessarily determine the “existence” of each part, but which affects each part’s sustainability in a profound way. In the case of the socialist world, we have to measure the sustainability of a national economy, which could (or could not) function without other socialist countries. With the exceptions of the Soviet Union and China, no country could sustain its domestic system without the economic links to the others. But if there were no expansion of the socialist world beyond Soviet borders, the life of the Soviet Union might have been shorter, despite the higher degree of self-sufficiency of its economy. China, too, depended on the Soviet Union in the 1950s. Even though the PRC also pursued a policy of self-reliance in the 1960s, it started to gradually integrate into, that is to open to, the capitalist economic system in the latter part of the 1970s and the 1980s, something which gave new life to its evolving system. In this sense, we can start an analysis from the point of view of the newly-created socialist system in the 1950s, which had its own dynamics and impact on each member state’s economy.

At the same time, we will use the term “system” also to define the internal political and economic structuring of a country. Therefore, there are two important dimensions of system – internal and external. And when the internal and external systems are linked we can measure the level of integration. In this regard, we will pursue a two-track approach to North Korea’s integration into the socialist system. The first part of the analysis focuses on the formation of the North Korean system and its ideological and structural conformity with the Soviet and Chinese socialist models. North Korea became part of the international socialist family through common

\textsuperscript{3} Jan De Vries, Lecture: “Economic History of China and Europe,” University of British Columbia, Vancouver, April 2005
ideology, party monopoly of power and state-owned economy. Building a socialist political and economic system with relevant institutions and practices was the foundation of North Korea’s integration into the socialist system. The second part of the analysis focuses on the DPRK’s political and economic relations with socialist countries. The extent of North Korea’s integration into the socialist world will be measured by the scope and the character of its bilateral relations with other socialist states. We will argue that the DPRK was more integrated into the system than its Chuch’ e (self-reliance) ideology implied or the regime deemed acceptable.

The extent of similarities and dissimilarities of North Korea’s political and economic structure with the socialist world (notably the Soviet and Chinese models) defined the degree of the country’s internal integration into the socialist system and Soviet and Chinese “subsystems” respectively. The scale and intensity of DPRK’s interactions with other socialist countries determined the degree of the country’s external integration in the system. North Korea’s internal and external integrations into the socialist system were intimately interconnected as they affected each other and defined the course of North Korean history. For example, the distancing of the North Korean regime from Soviet or Chinese camp signalled ideological and political “divergences,” which in turn affected North Korea’s security and economic relations with the socialist countries.

The internal and external dimensions of integration and divergence from the socialist system interact on four basic levels: ideology, politics, security, and economic development. Accordingly, we will try to measure the different degrees of integration and divergence on these levels. Ideology offered first “building blocs” of North Korea’s integration into the socialist system. Marxism, Leninism, and Stalinism were the intrinsic elements of North Korea’s ideology which determined the country’s integration into the Soviet-led international system.
But ideology was the first area where the North Korean regime’s divergence occurred. Maoism started to influence the DPRK’s ideology in the 1950s. The common communist ideology evolved into a more nationalistic brand which emanated to Chuch‘e and Kimilsungism.

Ideology offered the biggest freedom of the North Korean regime for self-reliance deviation – first from Soviet bloc countries and later from China. It provided “safe haven” for nationalist divergence from socialist system. The deviations in ideology penetrated the area of domestic and foreign policy-making. North Korea had more limitations of deviating from the socialist system in the sphere of politics due to alliance obligations. The domestic policy-making process had fewer constraints in this regard, as the regime embarked on an aggressive self-reliance course in the 1960s. The areas of economic and security cooperation were least impacted by ideological and political divergence, for North Korea needed economic assistance and integration as well as military aid for its development and even survival. That is why economics and defence were the realms of most acute tension between the regimes’ nationalist ideology and policies from one hand, and the imperatives of the country’s economic development and security, from the other. Therefore, the intensity of divergences decreased as it trickled down the ladder from ideology to politics and to economics and security. This is a path from theory to practice. This is not to say that self-reliance doctrine and policy did not affect internal economic integration or the cooperation in the defence sector. We argue that Chuch‘e least affected these two areas compared to ideology and politics. In sum, we will use a two-dimensional and four-layered analytical structure. The two dimensions are North Korea’s internal and external integration into, and divergence from, the socialist system. The four layers are ideology, politics, economics, and security.

These layers or realms can be reduced to two major realms – politics and economics.
Politics combines theory and policy-making, while economics can represent a broader area of interconnected economic and security needs, which are vital for the sustainability of community or state. We will discuss ideological and security issues to support the arguments, but politics and economics will be leading thematic parameters of the analysis. In fact, it is virtually impossible to separate these layers, because they represent a continuum. We will separate them for the sake of clarity and a better understanding of the innate dynamics of North Korea’s development. In terms of internal and external integration/divergence dynamics, the politics (and ideology) came to represent a centrifugal force which drove North Korea towards a path of divergence from the socialist system. At the same time, the economy and security were the anchors for a centripetal force which pushed for the DPRK’s integration into the socialist system.

When discussing “splits” within the socialist system, we can observe different divergences from the “centre” which point to complex and differentiated developments and interactions within the socialist world. Yugoslavia was the first to break ranks from the Soviet Union in the late 1940s and early 1950s. Then China deviated from the Soviet model and followed a different path to industrialization. Romania and Albania pursued “nationalist communism” (a combination of nationalist foreign policy and Stalinist political economy at home) as a response to the de-Stalinization in the 1950s – in fact it was a trend of re-Stalinization without Stalin in the specific domestic environment. What unifies these different examples is that although the splinter countries became more independent from the Soviet Union, they moved closer to other countries or “systems” – Yugoslavia moved toward the West, Albania and Romania established links with China and the West, and eventually China itself also moved closer to the West and Japan. Also, moving away from the Soviet Union did not necessarily mean a complete rupture of relations. In other words, we can observe a variety of
strategies of divergence and new forms of engagement with both socialist and non-socialist worlds. Where can we place North Korea in this picture?

It is a paradox that one of the most isolated socialist countries (on a par with Albania perhaps) should be able to overcome the shock of the socialist collapse in the Soviet Union and Eastern Europe. Our hypothesis is that North Korea was sufficiently integrated into the socialist world system because it was able to “walk on two legs,” to quote Mao, for large portion of its history. The DPRK was connected with two socialist “subsystems” and the era from 1945 to 1970 was crucial in shaping the long term trajectory of North Korea and its ability to survive the Soviet collapse. While those economies linked mostly to the Soviet Union collapsed after the demise of the Soviet System, North Korea, despite the shock, was still able to “walk on one leg,” that is to rely on Chinese support and protection at a critical time for its survival. Its hardships in the 1990s were an indication not only of the relatively closed character of the system, but also how integrated it had been in the Soviet system. At the same time, the preservation of the DPRK is an indication not only of its “self-reliance,” but also of the degree to which it was part of “a second socialist world” led by China. In that sense, the Cuban situation looked even more ominous in the 1990s – the Soviet Union was gone and China was far away. That is why Cuba was compelled to rely on its European connections and to implement more substantive economic reforms than the DPRK, though those were a far cry from the Chinese or Vietnamese market reforms.

North Korea’s historical enigma is that relative isolation created enormous economic problems causing famine and depravation but it also insulated the regime from “contamination” from the “decay” and disintegration which eventually destroyed the socialist world. The DPRK bore some similarities with Eastern Europe as long as it was part of the socialist system, but was
different in many important respects. North Korea’s socialist nationalism evolved as a shield against foreign influences and encroachments and it served as an internal consolidating theology. We will try to define the North Korean system as we look into its origins and the factors that shaped it. History is the key to understanding the present and outlining future perspective. We have to look at the formative years of the North Korea’s political and economic system, but we also examine the longer term of the country’s relations with the socialist world, 1945-1970. The DPRK further evolved in more recent periods, but the three decades after the Liberation and division were decisive in shaping North Korea’s political economy. At the same time, studying shorter period of history would be insufficient to comprehend the character of North Korea’s internal and external integration into the socialist system.

The task of this study is to explain the paradox of North Korea’s continued survival despite its relative isolation – two seemingly incompatible propositions. Economic development, and particularly economic relations with other socialist countries, could reveal tensions and discrepancies between the reality and the system of self-reliance. This is the crossroads of ideology and politics of Chuch’ě and the economics of development and integration into the socialist international system. The thrust of North Korea’s ideology was a semi-autarkic system, which provided a sense of legitimacy and revolutionary zeal in the fierce competition with the South Korean rival. The latter was seen as dependent (in North Korea’s perspective that meant under-developed) on the United States, while Pyongyang used its economic independence, perceived and real, as one of the building blocks of its sense of supremacy over the South and its pursuit of independent advanced nation status. The self-reliance paradigm was an extreme version of the socialist “construction” process (building a party-state system and undertaking state controlled industrialization) and was a defining force in North Korean politics, particularly
in the first half of the 1960s. But this “deviation” from the Soviet system had economic and security costs as North Korea adopted more isolationist policies.

The self-reliance policies and nationalism of North Korea, however, gave the DPRK some leverage in its relations with the Soviet Union and China, for both socialist giants vied for North Korean allegiance. And here is the key to the paradox: the relative isolationism gave a chance to Pyongyang to preserve relations with both USSR and PRC. Although it was pressured to choose after the Sino-Soviet split, the DPRK navigated in the rough waters of the conflict with the banner of *Chuch’e* and remained linked to the Soviet, East European, and Chinese economies despite periodic crises in their diplomatic and economic exchanges. Needless to say, *Chuch’e* ideology was a domestic product determined by various internal factors. At the same time, it merged as a strategic foreign policy solution to the schism of the socialist world after the early 1960s. *Chuch’e* was not necessarily a long-term plan to cope with international crises, but nevertheless served as a policy tool to preserve some independence and, at the same time, be part of the socialist world, which was indispensable for its economy.

The economic slowdown in the DPRK in the first half of the 1960s – partly a result of the severance of relations with the Soviet Union and East European countries – forced Pyongyang to reconsider and adjust its policies: it tried to reconcile *Chuch’e* with its economic relations with the outside world. The conflict between these two paradigms defined the North Korean political economy for decades. This study will examine the complex interplay between the politics of consolidation of power and the economics of integration in the socialist world in the North Korean industrialization process.

We will study North Korea’s economic relations with other socialist states in a broad framework, including aid, trade, investment, technological transfer, and training abroad. We will
examine specific bilateral relations and projects to exemplify the mechanisms of cooperation, and will gauge the impact of these programs on North Korean development. These economic relations were based to a large degree on economic interests and needs of the countries, and followed profit-maximization strategies, despite political “distortions” such as price fixing and centralized planned distribution. More often than not these distortions provided tangible economic benefits to North Korea and other “satellites” in the system in the forms of subsidies from Moscow and Beijing (East European countries also provided aid to North Korea in the 1950s). In other words, the international socialist economic system followed certain market rules, and the state agencies of the socialist countries acted as market agents which interacted with others and defended their own interests.

Economic relations between the DPRK and the socialist countries should not be isolated from North Korean domestic economic development. On the contrary, the domestic economy defines the possibility of interactions with foreign economies and larger economic communities. Therefore, this thesis will pay special attention to North Korean internal development in order to answer broader questions of the DPRK’s integration into the socialist world.

One of the misperceptions in Western historiography of “communism” is that the international socialist system was a monolithic bloc where diversity and market principles were absent. The current study hopes to show that the political economy of the socialist world was based on market logic, albeit to a limited degree. The distortions of market were determined by party-state interests, ideology, the international situation, and the demands of local economy. At the same time, there was also an “invisible hand” of market interests and exchange, and not only the “visible hand” of Moscow and/or Beijing in the North Korean case.

If we adopt Fernand Braudel’s characterization of “the market economy” as a
circulation of goods or an “exchange economy”\(^4\), one can argue that the socialist world contained elements of a market economy even when it was far from being a free market in its domestic modifications. For any exchange in a system there need to be agents of such exchanges. There were a number of government agents in a single socialist economy, but their interactions were strictly regulated and controlled by the state through ownership and the distribution system. In the international order, the states and their economic institutions played the role of agents which developed trade relations as well as investment, technological transfers and so forth. Underneath the slogans of socialist integration and brotherly relations there was an interest-based interaction among state firms. In other words, although distorted in many ways, the international “socialist market” system functioned as a generally perceived market – exchange in pursuit of profit. That profit was owned and distributed by the governments, but it was one of the main considerations in managing the commercial relations among states. The system had a division of labour and the members of the system possessed some individual comparative advantages.

As part of the socialist world, North Korea followed certain rules and norms common to socialist systems in domestic and international realms. The mix of these common socialist and unique North Korean characteristics – Chuch’e ideology – gave birth to the DPRK’s political


Braudel studied economic history in a three-tier system: everyday economy, market, and capitalism. The market is the subject of the second volume of his trilogy. It is broadly defined as exchange among different entities like the independent towns; exchanges at fairs and markets; transportation systems; bills of exchanges; etc. The author argues that China possessed a market economy in early modern times. One can also argue that Tokugawa Japan developed a market economy in which domains acted as agents of exchange of goods and services; the domains also witnessed commercial expansion in the 17th and the 19th centuries. In other words, in broad measure a market economy can emerge and evolve in different historical settings, including feudal and socialist systems in addition to a capitalist system, which is traditionally interpreted as the market economy. In this regard, the exchanges among the socialist states and their government agencies can be tentatively defined as a “market.” If we put “socialist” in front to characterize the internal workings of state economies, we can arrive of this hybrid definition of a more or less paradoxical “socialist market,” understood primarily as an international economic exchange of goods and services.
economy. The domestic and foreign elements of the system weighed differently at different times and the task of this research is not to calculate the exact weight of foreign and domestic elements in the system. Such a task would be meaningless and fruitless. The important question is how these elements interacted with North Korean development.

The economic field is important from the perspective of classical Marxist theory as well. According to Marxism, the economy is the area in which socialism and communism display their superiority vis-à-vis capitalism in terms of efficiency and achievement of prosperity. From an ideological standpoint, economic growth and prosperity are the ultimate criteria for proving the superiority of the socialist system as the “next” higher stage (after capitalism) in the linear progression of the material development of society. Therefore, economic performance is important both in view of the sustainability of the socialist system and its legitimacy. North Korea’s greatest dilemma was how to combine the need for economic performance with the discourse of self-reliance.

The *Chuch’e* ideology can be seen as a function of the internal power struggle between the guerrilla faction of Kim Il Sung and other factions, notably the Soviet, the Chinese (Yan’an), and the domestic factions. The elimination of these factions and the consolidation of power by Kim brought the policy of self-reliance to the fore as the rationalization of the nationalism rooted in the anti-Japanese guerrilla resistance in Manchuria. At the same time, the widening divergence between the PRC and the USSR in the late 1950s posed considerable problems for Pyongyang: how to navigate between the two neighbours without losing their favour and the economic benefits associated with their aid. “Neutrality,” or in a sense the inward retreat of the North Korean regime, was a response to these external crises. A middle course appeared to be the best strategy, criticizing both the “revisionists” in Moscow and the “dogmatists” in Beijing.
Charles Armstrong has argued that although self-reliance is a common aspiration of post-colonial nations, “no other country has carried self-reliance as far, and for as long, as North Korea. Chuch’e has been the most extreme and uncompromising expression of national sovereignty, political and economic, in the world.” Armstrong also points out that the consequences of Chuch’e would be almost as devastating for the North Korean people as the Korean War. This study will focus on the relationship between Chuch’e (as agenda and policy) and the economic interaction with other socialist countries, mainly the Soviet Union, Eastern Europe and China. It is true that at times (particularly in the 1960s) North Korea pursued an extreme isolationist policy. At the same time, underneath the politics of Chuch’e the economic “logic” of a more integrative and, as a result, more “dependent” policy was gaining ground (with setbacks of course) in the realm of international “socialist integration.”

North Korea was part of this international system, and measuring the extent and the scope of these interactions will help determine the limits of the Chuch’e praxis. Thus we arrive at one of the dichotomies of the North Korean system – between theory (things that are “supposed to be”) and practice (the things “as they are,” or more accurately, as historical evidence suggests). I will argue that the discrepancy between the ideology of Chuch’e and economic development was more pronounced in the arena of foreign relations (mostly with the socialist countries) than in the domestic political economy. This duality is consistent with the existence of two intrinsic parallel worlds in the socialist system: the politics of “appearance” of a fair and prosperous society (for all) and the gravitational force of the economic group/state interests (for a few). To put it figuratively, this reflects the tensions between the “straitjacket” of party-state political controls and the “chaos” of market forces.

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We need to look into the background of modern economic development on the Korean peninsula. The colonial legacy and the effect of colonial economy on the development of the two Korean states deserve attention. It will be also interesting to explore not only the economic aspects of this legacy, but also the political and ideological implications of Japanese rule in Korea. North Korean ideology and political economy have been regarded as very rigid – orthodox nationalistic. However, I am interested in examining the unusual complex hybridity of the North Korean system, which drew on Confucian traditions, Japanese rule, the socialist classics of Marx, Engels and Lenin, the revolutionary thought of Mao Zedong, the statist political economy of Stalin, and not least in importance – Kim Il Sung’s guerrilla experience and the nationalist bent of the North Korean system. It is ironic that a system which is called “self-reliance” (a reborn Hermit Kingdom) would begin as a mix of so many origins, both in terms of wide geography and diverse historical dimensions.

The narrative will also focus on internal factors in North Korean development linked to the concept of “indigenized” communism. We will elaborate on the unique nature of the North Korean ideology and system, both of which were based predominantly on internal factors. We will argue that this trend of indigenized communism accelerated over time, but also that for practical reasons relations with the PRC, USSR and other socialist countries continued to play an important role in the development of the DPRK.

North Korea can be viewed from the perspective of the developmental state concept. We will study the context and the scope of such interpretation. Communism was utopian and hence a radical path to modernization, and it is worth seeing how North Korean political economy was part of a “developmental” paradigm.
Interpretations of North Korean history

In the scholarly work on North Korea, there are two main interpretations of the formation and development of North Korea. The first one is based on the concept of an ideological and political clash between communism and capitalism. Accordingly, North Korea is just another area of this world confrontation, and the events there were largely shaped outside the Korean peninsula. Thus such an interpretation can be defined as “exogenous” and is represented by the work of Robert Scalapino and Chong-sik Lee. This was the first comprehensive account of the North Korean system until the early 1970s. Given the time and ideological constraints (at the height of the Cold War), the study by Scalapino and Lee is perceived as a “traditionalist” interpretation of North Korean history. The two authors emphasize also the Soviet role in the division of the peninsula. In addition, Eric Van Ree studies the emergence of the North Korean state along dependency theory lines by focusing on the Soviet occupation period.

Bruce Cumings used newly opened American archives and some Korean sources to analyze the origins of the Korean War and the foundation of the DPRK. His findings on the origins of the Korean War revised existing American historiography. Cumings countered an earlier “exogenous” explanation by arguing that North Korean development was based on indigenous processes and revolution, which had a strong independence bent. He argues that the North Korean system was largely formed in the late 1940s by an internal process in which the

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7 Scalapino resents the definition of “traditionalist” or similar approaches. He prefers to call it “realistic” as opposed to the “ideological” interpretation of Cumings (lecture given at the Unification Institute of Seoul National University, May 16, 2007). Again, the terms here merely help to outline some differences in the interpretations of North Korean history. They simply can be called first (1970s and 1980s), second (1980s and part of the 1990s), and third interpretation (1990s and present), which also may not be complete, because the lines of distinction are more complicated.
Soviet occupation authorities had relatively little influence. Cumings stresses the American role in the division of Korea.

Charles Armstrong\(^{10}\) continued the “indigenous” trend in historiography by using valuable North Korean pre-1950 sources (captured archives from North Korea). He explained the North Korean revolution as an internal process of transforming post-colonial society. Suh Dae-sook’s study of Kim Il Sung takes a similar approach.\(^{11}\) The new interpretation benefitted from new sources. As long as the revisionist interpretation is a reaction to the traditionalist one, there is a possibility of overemphasizing the internal factors of the evolution of North Korea at the expense of the external factors.

The end of the Cold War opened new possibilities for furthering the historiography of the Korean peninsula and searching for new aspects and interpretations that overcome the dichotomy of previous scholarship. The limitations of sources precipitated to a large degree the nature and the scope of the two major streams of historiography.

As more archival materials (particularly in Russia and Eastern Europe) become accessible, historians have a chance to examine new aspects of North Korean development. The most recent Western and South Korean historiography is attempting to find middle ground between the two interpretations mentioned above. Andrei Lankov\(^{12}\) has taken such an approach by using Soviet archives and highlighting the Soviet role in constructing the DPRK and shaping


its interaction with local trends and forces. But to illustrate how the boundaries between various interpretations of DPRK history could be mixed, one may find Lankov’s conclusions on the Soviet role on the Korean peninsula compatible with the earlier traditionalist views. For example, in a study of the years preceding the establishment of the DPRK, Lankov points out that the “the Soviet role in the North Korean decision-making was paramount,” thus putting a strong emphasis on the Soviet role in the division of the Korean peninsula.13

Other scholars study North Korean development by using Soviet and East European archival sources. Balazs Szalontai uses Hungarian primary sources to study the evolution of the North Korean system and the failure of de-Stalinization, while dealing with the DPRK’s relations with the Soviet Union and Eastern Europe during Khruschev era.14 His depiction of North Korean despotism, which was modelled after the Soviet system, also falls closer to the traditionalist interpretation. Therefore, one can put this study and other recent studies of North Korea (like Lankov’s) in the group of “revision of revisionism” or post-revisionism. Ruediger Frank focuses on relations between the GDR and the DPRK, using German archival sources dealing with East Germany’s assistance in the reconstruction of the city of Hamhŭng.15

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It is expected that occupation force would have strong influence over decision-making in the occupied territory. The question is how the newly-established DPRK responded to foreign pressures after 1948. The relations between Moscow and Pyongyang cannot be explained by “chain of command” in which the ladder was receiving orders from the former. For example, Kim Il Sung managed to win a reluctant Stalin’s support for the armed attempt at unification of Korea which sparked the Korean war.


Lee You-jae, who writes in the German language, examines East German-North Korean relations, including parallels with West German-South Korean relations. The author studies the relationship not only from the perspective of the Cold War divide, but also from a centre-periphery perspective, pointing to intra-bloc tensions and conflicts.

There are new limitations of these studies set by the sources, which, albeit very diverse and relevant, are generated from foreign diplomats and experts based in Pyongyang, who gathered, analyzed and communicated information with their superiors in the East European capitals during the Cold War era. The authors tend to be critical of North Korea (particularly during times of deteriorating relations between the DPRK and Eastern Europe, such as the first half of the 1960s). The East European archives are also marked by ideological assumptions and reflect the current political situation at home and abroad, although they follow the classified internal bureaucratic system and channels free from formal propaganda. With all these shortcomings, however, these sources remain as close as one can get to North Korean politics and economics, given the lack of access to North Korean archival sources since 1950. Another limit of these studies is that they focus on the period of the DPRK’s history until the first half of the 1960s. Needless to say, the main reason for this limit is the insufficient declassified archival sources for the 1970s and the 1980s. However, this time constraint hinders a comprehensive understanding of the evolution of North Korea’s political economy and its relations with the outside world.

There is an increasing body of South Korean scholarship on North Korean history. After decades of traditionalist studies which were marked by an ideological paradigm regarding the North-South rivalry, the political liberalization of South Korean society in the 1990s facilitated a new reading of the its northern rival’s history. Kim Chang-sun, O Yŏng-jin, Yang Hŏ-min, and Kang In-tŏk among others represent the traditionalist view on North Korea. They regard the DPRK mostly as a “satellite” and “puppet” state, emphasizing the external factors for its formation and functioning.

Yi Chong-sŏk’s extensive study of the Korean Worker’s Party can be seen as the South
Korean version of the revisionist interpretation of North Korean history. Yi, who became Unification Minister in the Roh Moo Hyun administration, is one of the pioneers of this new approach, which extensively utilizes North Korean sources, including media (notably Rodong Sinmun), speeches of Kim Il Sung, and Korean Workers’ Party materials. Thus it focuses on North Korean development as an indigenous process. Yi’s book is not only about the history of the KWP. It also examines party-state, party-society, and leader-party-people relations. The North Korean materials are very important in the historiography on the DPRK, but their official character poses new limits to understanding the inner workings of the system. The use of Japanese and Chinese sources resolves this limitation to a certain degree, because it allows corroboration of the official sources with outside sources and assessments of events in North Korea.

Han Hùng-su, an editor of a book on modern North Korean history, rightly urges fellow scholars to move beyond the traditionalist and revisionist interpretations. A younger generation of South Korean historians – Kim Kwang-un, Sǒ Tong-man, Yi Tae-sŏp, Chŏng Yŏng-ch’ŏl, Kim Yŏn-ch’ŏl, and Chŏng Kyu-sŏp, for example, have made further strides in understanding North Korean history. Sǒ Tong-man’s extensive study of the formation of North Korea focuses on the period between 1945 and 1961. Sǒ draws on Wada Haruki’s (his teacher) definition of “a state socialist system” in North Korea, pointing out that the Fourth

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Congress of the Korean Workers’ Party in April 1961 represented a watershed in the consolidation of the system. According to the traditionalist view, the system was established under the Soviet occupation in 1945-1947. While Cumings argues that the system was formed mostly in the pre-Korean war years, Sŏ Tong-man focuses on the war years and the reconstruction of North Korea in the 1950s as the major formative period of the North Korean system. This was a time when the party-state link ensured party control in industry, agriculture and the army. The changes that took place in the 1960s and afterwards did not represent a departure from the state socialist system; rather, they strengthened it. Kim Yŏn-ch’ŏl offers a critical analysis of the North Korean economic system by tracing the origins of its features and comparing it with the Soviet, Chinese, Cuban, and other socialist countries’ models. This broader context allows the author to outline the specific character of the North Korean system, focusing mostly on the 1950s and the 1960s.

We have to take into account the Soviet and Russian historiography due to the abundance of information which derived from long-standing relations between the Soviet Union and North Korea and the important Soviet role in North Korea’s history. During the Soviet period we can point to the collective study of the northern regime by J.V. Vanin as well as the study by M.E. Trigubenko. These works contain valuable data for North Korean development and relations with the socialist countries, but, understandably, the authors were cautious not to cross ideological lines and to antagonize the DPRK and official Soviet policies. In the Russian

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19 Sŏ Tong-man, 30, 921, 925
20 In his critique of the socialist system Kim comes closer to more traditional interpretation of North Korean development with the framework of socialist doctrine and its deficiencies in the economic realm. Kim’s major source of socialist countries’ development is South Korean secondary literature of the 1980s, still under the spell of the Cold War, which might have influenced his conclusions. He provides insights in the operation of the North Korean political economy by comparing the decisions and the practice and showing the widening discrepancy between them.
period (after 1991), Lankov’s assessment of the North Korean system\(^{23}\) and Natalia Bazhanova’s study of the DPRK’s economic relations with the outside world\(^{24}\) contain a critical assessment of North Korean development reflecting the liberalization of Russian society itself. Baek Chung-ki’s study (in Russian) of the formation of the North Korean system\(^{25}\) is also in this category. These studies also drew on better access to declassified archival materials.

Needless to say, no study can be defined strictly in terms of the main interpretational frameworks in the Western, Korean, and Soviet/Russian historiographical traditions described above. This is merely an outline of the contours of basic trends and discussions on North Korea. We should not rely much on such generalizations. Our effort aims to broaden the spectrum of scholarship by linking North Korea’s domestic development with its international integration/disintegration process. In this regard, it is important to examine the collusion and collision of politics and economics in the complex interactions between internal and external dimensions of development.

This study attempts to enlarge the scope of research on the interaction between domestic and international factors in North Korean development. Each source of information casts more light on certain events and trends, but these sources can also narrow our perspective and depict a simplistic one-dimensional picture. Therefore they must be corroborated and complemented by other related sources. In order to deepen our understanding of North Korean development and the country’s interactions with socialist countries, we need to widen the scope of research. In addition to Soviet primary and secondary sources, we will examine archives from

\(^{23}\) Andrei Lankov, *KNDR vchera i segodnia: Neformalnaia istoria Severnoi Korei* (The DPRK, the Past and the Present: Informal History of North Korea), Moscow: Vostok Zapad, 2005

\(^{24}\) Natalia Evnegnievna Bazhanova, *Vneshne-ekonomicheskie sviazi KNDR: V poiskakh vykhoda iz tupika* (Foreign Economic Relations of the DPRK: In Attempt to Exit from the Stalemate), Moscow: Nauka, 1993

\(^{25}\) Baek Chung-ki, *Stanovlenie politicheskoi sistemy v KNDR i rol’ SSSR posle koreiskoi voiny* (The Formation of the Political System of the DPRK and the Role of the USSR after the Korean War), Moscow: Moscow University Press, 1997
East European countries – the former GDR and Bulgaria. North Korean sources are also important to gauge domestic development. We will also use secondary sources in English and Korean that shed light on the external factors in North Korean development. South Korean scholarship on North Korea as well as literature on South Korean development will be important for this study. The comparative research method can be supported with multiple primary and secondary sources. The diversity of archival work will help create a more thorough and multidimensional picture of North Korean development with regard to the outside world.

The primary and secondary sources will serve to create system-wide comprehension of

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26 A very important source for this study is the archives in East European countries. Given the intensity of North Korea’s relations with socialist countries, these materials could cast considerable light not only on the relations between DPRK and Eastern Europe, but also on the developments in North Korea. We have also to be aware that the archives reflect experiences and biases of people who created them. Embassy staff in Pyongyang wrote most of the documents. They include descriptions and assessments of domestic politics and economic development and also account for the ongoing bilateral activities and projects. This channel is particularly valuable, given the centralization of the flow of information from the embassy to the Foreign Ministry, which distributed the information to the related government agency, the Council of Ministry or the Politburo of the Communist Party, depending on the nature of the issue. The embassy reports can be divided in four subgroups: political reports of the ambassador, which assess general developments in DPRK; plans and reports of the activities of the embassy, which reflect to the bilateral relations and issues; trade reports; and press reports, which cover the Korean media and publications related to Bulgaria, the GDR and other socialist countries. In the Bulgarian archives, the first two types of report were combined in monthly or bimonthly reports. After 1957 they were split into two parallel quarterly reports, one for the development of Korea, and the second one reporting on the bilateral issues. The trade reports started in 1958, after the Bulgarian government dispatched a trade representative to its embassy in Pyongyang. The press reports are interesting, because they cover a wide range of publications in the DPRK and outline Korean policy and the current mood in the government and the party. There is a fourth type of embassy report based on specific issues, including overviews of relations between Bulgaria and the DPRK, reports and memos on economic development of North Korea, domestic events like plenums of the Korean Workers Party, visits of cities and factories, etc. One of the sources of these reports on domestic developments was North Korean media. But more importantly, the European diplomats were briefed by Korean officials. These briefings contained information often not open to the public, which adds to our source material confidential data and evaluations of current events in North Korea. The third source of the reports was secret bulletins accessible to diplomats. Meetings with Korean officials tackling bilateral ties as well as domestic issues were a fourth source of information. The fifth source was the personal experiences of embassy staff members based on tours in the country and visiting factories. The sixth source of the reports was discussions with colleagues from other socialist countries’ embassies in Pyongyang. The *Politisches Archiv* of the German Foreign Ministry follows a similar pattern to the Bulgarian Foreign Ministry Archive. It contains information after the establishment of diplomatic relations with the DPRK in 1949, and especially after the war in 1953, when East European countries set up diplomatic missions in Pyongyang. The Russian Archive of the Economy includes data on Soviet economic relations with socialist partners. Some of the documents in these archives contain information about the relations between the DPRK and the other East European countries, which allows corroboration between this information and evidence from other archives or secondary sources. Also, the ambassadors and other officials from the East European countries had some access to confidential information about North Korea, which will help us corroborate the new evidence with existing analysis about the development of the DPRK. We can add documents from the central administrations referring to various activities related to North Korea and their coordination on political and bureaucratic levels.
the development in North Korea. In this way this research can help overcome the deficiency of individual sources and the use of foreign economic relations as a barometer of what was happening inside North Korea. The socialist system will be examined both in its internal and external dimensions. In its economic relations with the outside world, the DPRK displayed the inner workings of its political and economic system and policy formation.

**Scope of study**

We will evaluate the relative importance of the idea of “revolution from abroad,” which concerns decisive Soviet and Chinese roles in creating North Korea. Our argument is that certain favourable factors had to be present in the North in order for foreign influences to “work” successfully. At the same time, North Korea alone could not survive the rough post-Liberation situation, the Korean War, and shoulder the costly postwar recovery and socialist construction of the country without outside help. One may argue that Russia, China, Vietnam, and Cuba experienced indigenous revolutions, as communism took hold there without colonization (the Soviet republics and to an extent Mongolia can be viewed as colonized\(^{27}\)) despite external hostile conditions. Other countries established socialist systems under foreign occupation (East Germany and North Korea) or in the context of postwar geopolitical delineation of influence between the Soviet Union and the West (Eastern Europe). Furthermore, the North-South rivalry made external help critical for the existence of both sides. We will argue that the external cause of the self-reliance strategy was the significant dependence of North Korea on other socialist countries.

\(^{27}\) The Bolshevik revolution in Russia became a vehicle for re-colonization of former czarist territories and thus restoring the Russian empire. The Bolsheviks tried to expand the revolution further west but the Red Army failed to conquer Poland, part of which was in the former czarist empire. Mongolia did not fall in this category, but eventually was put in semi-colonial status in the Soviet orbit.
The study of North Korea’s internal integration will follow basic trends of the country’s political and economic development in relation to Soviet and Chinese socialist models. The structuring of domestic politics and economics defined the North Korean system. The establishment of common socialist institutions and governing patterns determined the degree of North Korea’s internal integration into the socialist system. One of the main arguments of the thesis is that North Korea was part of the socialist system, but in a unique away. And we shall define the parameters of the relation between the universality and the uniqueness of North Korean political and economic system. For this purpose, we will examine major events in North Korea’s political and economic history which outlined the characteristics of North Korean political economy and pattern of development. The international context is important aspect of the analysis of the DPRK’s history and we will dwell on external events and trends that impacted the North Korea’s political and economic development.

The analysis of North Korea’s external integration will be supported by case studies of North Korea’s bilateral relations with socialist countries, and particularly with the Soviet Union, China, the GDR, and Bulgaria. One reason for using these cases is the importance of the USSR and the PRC for establishing and shaping development in the DPRK. Our sources provided the most data for the four cases mentioned above but this study does not exclude other socialist countries, mainly in Eastern Europe. Another reason is the need for more diverse examples and angles in analyzing the role of Eastern Europe in North Korea’s foreign relations and domestic development. Eastern Europe was the third “building bloc” in the socialist system after the Soviet Union and China, so the relations between the DPRK and East European countries are important dimension of the study. The goal of the narrative and the analysis is to encompass the socialist system as a whole, so we will use all possible individual cases for this purpose.
The study will elaborate the essential role of the Soviet Union in the economic development of North Korea, particularly in the formative period in the late 1940s and the first half of the 1950s. The Soviet occupation was a decisive factor in the formation of the DPRK. Kim Il Sung spent several years in the Soviet Union before liberation. Soviet and other socialist countries’ assistance played a crucial role in the post-Korean War recovery and industrialization process in North Korea. De-Stalinization in the Soviet Union marked a turning point in relations between the two countries. Kim Il Sung’s survival and subsequent purges paved the way for a more independent course, which was reinforced with the Sino-Soviet split in the early 1960s. We will study the crossroad of politics and economics in North Korea’s bilateral relations and the development of Soviet-North Korean relations offers ample material for analysis of the interplay between political relations and economic and security interests.

Starting from the Yan’an years, cooperation between the Chinese and Korean Communists was a critical factor in the relations between the PRC and the DPRK after 1949 and particularly during the Korean War. Kim Il Sung was fluent in Chinese (he attended Chinese elementary and middle schools in Manchuria in the 1920s) and shared common experiences with Chinese resistance fighters in Manchuria. The Chinese intervention in 1950 prevented the collapse of North Korea. We will examine the political relations and the economic cooperation between the two countries and measure the relationship between strategic and economic factors in determining the partnership between the two neighbours. It will be important to make a comparison between the Soviet-North Korean and the Sino-North Korean patterns of cooperation, as the USSR and the PRC were rivals not only on the international communist stage but also in their relations with the DPRK. The North Koreans started to emulate Chinese practices in the late 1950s and early 1960s and even experienced a form of Cultural Revolution.
before its Chinese brethren. The politics impacted Sino-North Korean economic relations to
greater extent than Soviet-North Korean political relations influenced their economic and
security cooperation, which points to the significance of the USSR in North Korea’s integration
into the international socialist system.

East Germany and North Korea emerged as a result of the wartime cooperation
between the US and the Soviet Union and their postwar fall out and confrontation. The
emergence of the two states from Soviet occupation zones in Germany and Korea reveals the
way in which the two states were integrated into the Soviet system. The divided nation problem
will serve as an important comparative point between the DPRK and the GDR as two “frontiers”
in the Cold War. The common origin of their statehood and their strategic value determined their
indispensable role in shaping the system. Moreover, the GDR was the third biggest aid donor of
the DPRK in the 1950s. East Germany helped rebuild the second largest North Korean city,
Hamhung, after the war, which was unprecedented reconstruction project in scale. These close
economic ties shaped the GDR’s important role in integrating the DPRK into the socialist
system. The relations in first half of the 1960s stood in a stark contrast to the close cooperation
between the two countries in the 1950s. But the second half of the decade experienced robust
development of bilateral relations. East German-North Korean relations also were an example of
the asymmetric character of the DPRK’s relations with the most Soviet bloc countries,
particularly given the similarities in their size. The GDR was industrial and technological
“powerhouse” in the socialist world and its economic cooperation with the DPRK underscored
the political aspect of international socialist integration without underestimating the economic
interests in this process too.

If we use excessively the cases of North Korea’s relations with the Soviet Union, China,
and the GDR, we will have enough data to support arguments for system-wide analysis. Still, the depiction of the system will lack the diversity and complexities of its inner workings if we exclude other seemingly less important cases. The analysis will be enriched with a case study of North Korea’s bilateral relations with Bulgaria. Countries like Bulgaria made the system what it was for North Korea – uneven and unpredictable with swift turns at times. The two countries did not have special strategic value for each other as individual states, but they were elements of the international socialist system and as such their cooperation was important element in North Korea’s external integration into the system. There were not so many member states in the system, so each member was an important element in maintaining that system working. Bulgaria is often considered the closest ally of the Soviet Union in this era. The development of DPRK-Bulgaria relations sheds additional light on the mechanisms of economic and political integration within the “socialist camp” and on patterns of Soviet influence. Scalapino and Lee call North Korea “an Asian Bulgaria,” referring to the “satellite” status of Pyongyang in the 1950s, particularly 1954-1956. This definition can be disputed, but it also underscores the significance of the Soviet aid for the functioning of national economies which were interwoven into the international socialist system dominated by Moscow. There were differences among the closest allies in Eastern Europe with regard to policy toward North Korea. For example, Bulgaria did not follow the Soviet lead in improving relations with the DPRK in 1965 and only did so as late as 1968 when Sofia and Pyongyang normalized their bilateral relations (which reached so low a point that the two states recalled their ambassadors). This diversity also questions the perception of a monolithic Eastern “bloc,” not to mention the cases of Romania and Albania, the “usual suspects” in deviating from the Moscow line.
Thesis structure

The aim of this research is not to compare socialist countries, although examples from individual countries will be relevant. Rather, the goal of the thesis is to analyze the systemic relations between North Korea and other socialist countries and their impact on the development of the DPRK. In this regard, the study will follow a chronological order, rather than a series of case studies of bilateral relations. At the same time, individual cases will be used to illuminate systemic characteristics, which include international socialist integration.

The dissertation contains ten chapters. They will be structured chronologically in three parts based on three major periods: 1945-1953; 1954-1961; and 1962-1970. Each part will examine the international context, the political and economic development of North Korea, and the economic relations between the DPRK and the other socialist countries. Thus we can reveal the diversity of the seemingly monolithic socialist system while at the same time the specific ways in which North Korea became integrated into it. We will examine the effect of these relations on the economic development of North Korea. Also, some comparisons will be drawn with South Korean development and pertinent relations with the United States and Japan. The idea is to link socialist economic relations to the context of North Korean economic development, like the confluence of various streams in a wider river. These links reveal not only their individual paths but also their contribution and impact on the main river, that is North Korean development in connection with the socialist world, which in an economic sense was the largest, if not the only, world for the DPRK.

The first part studies the period 1945-1953, which encompasses the formation of the DPRK and the Korean War. It includes chapters two and three. Chapter two examines the political and economic development of North Korea. We will study the interaction of external
and internal factors in the socialist revolution and the formation of the DPRK. Special attention is paid to the reforms in 1946, which laid the foundation of the North Korean state and socialist system. The wartime politics and the purges in the leadership had a considerable impact on the formation of North Korean system. The third chapter deals with the economic development of North Korea and economic relations with the socialist countries from 1945 to 1953. Economic reforms, most notably the agrarian reform and nationalization in 1946 put in motion a state-owned and state-controlled economy, which was naturally influenced by the Soviet economic model and practices, as the Soviet Union was both the occupying force and the only partner of North Korea until 1950. Another focus will be the wartime fraternal aid to the DPRK and the emerging patterns of socialist cooperation in a system-wide context. The socialist aid integrated North Korea closely within the emerging socialist system which became its only chance for war survival.

The second part examines the period from 1954 to 1961, including the postwar reconstruction of North Korea and country’s integration into the socialist system. This part includes chapters four, five, and six, which examine North Korea’s development during the Three Year Plan and the Five Year Plan. Chapter four studies the consolidation of power by Kim Il Sung and the emergence of Chuch’e ideology. The de-Stalinization drive in the Soviet Union and the attempt by high-ranking KWP members to oust Kim Il Sung in 1956 was a defining episode during the period. It sets the limits of foreign influences as Kim Il Sung and his guerrilla group asserted their power over North Korea’s political pyramid. We will outline characteristics of the North Korean system which were formed during the period. The chapter also deals with domestic economic policy during the reconstruction period. Collectivization was a defining event in the 1950s and its completion marked the end of the process of socialization of North
Korean economy. At the end of collectivization there was no longer any economic subject left outside party-state control in terms of ownership and management.

Chapters five and six discuss various forms of economic cooperation between the DPRK and the other socialist countries between 1954 and 1961. We devote a separate chapter (chapter five) to the history of fraternal aid to the DPRK due to its massive scale and far-reaching effects on domestic development. Concerns over economic development made the North Korean leadership very receptive to active cooperation with socialist countries. The coherency of the government, the low level of corruption, and the character of the industrial projects increased the efficiency of socialist aid. The increasing integration of the DPRK into the socialist system, however, created a political backlash. The country’s dependency on socialist allies made North Korean leadership more assertive in the early 1960s, a tendency which would change North Korea’s relations with the socialist world. Chapter six examines the DPRK’s trade relations with the socialist world in the 1950s. Although fraternal aid dominated economic relations between North Korea and other socialist partners, the DPRK’s foreign trade expanded rapidly. The study of North Korea’s bilateral trade relations with socialist countries will cast light on the emerging trade pattern and its implications for North Korea’s integration in the “socialist market.”

The third part studies the period 1962-1970, which covers North Korea’s development during the Seven Year Plan and the divergence from the socialist system. This part includes chapters seven, eight, and nine. Chapter seven discusses the problems in the international socialist system and the political development of North Korea. The Sino-Soviet dispute undermined the socialist system, and although the DPRK sided with China ideologically, it could not afford to break with the Soviet camp for security and economic reasons. The
militarization of government and society will be the focus of our attention. Self-reliance concept defined the regime’s economic policies in the first half of the 1960s to greater extent than in any other period in North Korea’s history. However, divergence between Chuch’e ideology and economic needs and practices widened after the middle of the decade, when the DPRK re-activated its dormant relations with the USSR and East Europeans countries. Chapter eight examines North Korea’s economic policy and economic cooperation with the socialist countries. It is important to determine the extent in which the fluctuating political relations affected economic cooperation and the domestic economy. Chapter nine focuses on the DPRK’s trade relations with socialist countries. As fraternal aid diminished, trade became the main form of economic integration. We will examine the form of economic integration in the socialist world on the basis of North Korea’s network of bilateral trade relations. North Korea expanded its trade network to capitalist countries as well.
Part I

Formation of the DPRK and its Integration into the Socialist System

1945-1953
CHAPTER TWO

The Formation of the DPRK and the Korean War

The first two chapters are devoted to the 1945-1953 period, encompassing the Soviet occupation and the Korean War – defining events in North Korea’s history. North Korea experienced a revolution after the Liberation, but this occurred in the context of the Soviet occupation. The socialist building which started with the “people’s democracy” political framework shared common elements with East European postwar people’s democracies and yet was unique because it had an indigenous character. Stalin pursued a united front strategy in Asia in the 1940s, but it had different meanings in China and North Korea. In mid-1946 Mao Zedong and Chang Kai-shek were heading on a collision course and the united front policy unraveled. The Chinese revolution started as a Communist take-over as a result of victory in the civil war in 1949. By that time the Kremlin had abandoned its united front policies.

The Soviet occupation pursued a “people’s democracy” strategy in North Korea, but it soon became a springboard for communist take-over from within like in Eastern Europe. But unlike East European countries, North Korea experienced an indigenous revolution despite the occupation environment. We can call the combination of these external and internal factors a “framed political consensus.” North Korea emerged as a postcolonial society striving for national statehood and unification. This uniqueness would set the tone for the formation of North Korea’s political system with its emphasis on nation state building and independent policies. Decisive political and economic reforms in 1946 laid the foundation for a socialist political and economic structure which accelerated the divisions between north and south while integrating North Korea into the Soviet system. The end of the 1940s marked the high point of North Korea’s external economic integration into the socialist system something which also meant dependency on the
Soviet Union.

The North Korean regime realized that the North and the South were drifting further apart after establishment of separate governments in 1948 reflecting divergent political and economic structures. Pyongyang tried to stop the divergence from the South and attempted to reintegrate the two Koreas by force. The North Koreans felt that the moment was ripe and history was “on their side.” The DPRK started the war alone after wining the approval from Moscow and Beijing, but it could not finish it on its own and even had to struggle for its survival. The Chinese intervention and socialist aid during the war increased North Korea’s integration into the socialist system, but also exposed vulnerabilities of bigger political, economic and security dependencies. The dichotomy between the need for aid and integration and the drive for independent (and unified) nationhood created policy dilemmas and contradictions which would define the course of North Koreans’ history in the following decades. The regime continued the socialization of the country despite the war time conditions and Kim Il Sung moved to further consolidate his power after overcoming the imminent danger of the collapse of his regime at the end of 1950.

The Soviet Occupation and the creation of the DPRK

The dynamics of the postwar international order pitted the United States against the Soviet Union in occupied Germany. In the early postwar years, Europe was the main arena where the wartime cooperation of the Grand Alliance broke down into confrontation and conflict. The escalation of tension between the Allies affected Korea in a decisive way, as Soviet and American troops occupied the two halves of the Korean peninsula and could not work out a mechanism to create a unified government.

The Second World War influenced the postwar security thinking of the USSR and the US.
Creating “buffer zones” became an essential part of postwar defence strategies. Germany\textsuperscript{28} and Korea became contested arenas between the two superpowers. This is the paradox of the cold war – that to a great extent the super power rivalry was a result of the wartime Soviet-American cooperation. If, for example, the USSR and the US did not occupy Germany and Korea – two strategically located countries in Europe and East Asia, Soviet-Western relations might have taken a different course, since the cold war emerged partially because of disagreements over the occupations. In hindsight, the cold war was not inevitable, although it was a consequence of a deep ideological and political divide. In this study we will not take the inevitability for granted and, instead, accept the variations and unrealized possibilities of the course of history.\textsuperscript{29}

During the Second World War the Americans and the Soviets aligned with each other to fight Germany, and toward the end of the war, Japan. The enormity of the dangers posed by the Axis Powers forced a marriage among improbable partners. The fight against common enemies overshadowed political differences. Once Germany and Japan were defeated, the differences between the West and Soviet Union began to define their relationships. The nightmare of the war was replaced by painful and somber reconstruction plans and diverging security concerns. The allies parted ways.

The differences and the competition did not occur overnight. It was a gradual process which started with confrontation over Iran in 1946. The occupation of Germany was the turning

\textsuperscript{28} Norman Naimark and Wilfried Loth offered compelling studies of the Soviet occupation of East Germany and the creation of the GDR.


\textsuperscript{29} As Melvyn Leffler points out: “With so much turbulence, so much fear, and so much possibility, Soviet and U.S. statesmen were affected as much as by their ideas and memory, by the pressures of allies and clients, and by the demands of constituents and the impulses of military and civilian bureaucrats as by rational calculations of national interests […] This is history of lost opportunities, then, and it shows that opportunities are lost when leaders who wield great power are engulfed by circumstance and entrapped by ideology and memory.” And he concludes: “The Cold War was not predetermined. Leaders made choices.”

point of the tensions which culminated in the first postwar showdown between the United States and the Soviet Union over the governance of Berlin during the Soviet blockade of West Berlin in 1948. The Americans organized an airlift to supply West Berlin and the Soviets backed down, realizing that they could not afford a prolonged confrontation with the West. This brinkmanship set a precedent for other cold war crises: projecting power whenever possible in contested areas and playing at brinkmanship with the opposite side, but retreating when there was a risk the conflict would evolve into an all out war. One important factor was a strategy of securing a peaceful environment that was indispensable for the development of the two evolving systems – the capitalist West and the communist Soviet bloc. One of the legacies of the Second World War was the powers’ realization that another war (in the nuclear age) would be a catastrophe. Facing each other and competing in Europe and Asia was an unpalatable option for both sides, but a better one than all out war.

Soviet and American policy differences over Germany significantly exacerbated tensions in their relationship. Each side wanted security and a friendly Germany, which could not be achieved through the preservation of allied unity. In the final analysis, the Soviet Union abandoned its idea of a neutral Germany and secured its own East German zone as a defensive guarantee against possible aggression by resurgent West Germany and other leading capitalist states. This belated decision indicated the Kremlin’s reluctance for a full commitment to the GDR, as it tried to avoid prolonged confrontation and cold war with the West.30

30 One might argue that Soviet policy towards Germany followed a “functionalist” rather than “internationalist” model. Soviet policy had to react not only to the policies and initiatives of the western alliance but also to pressures and developments within Germany itself. We can define the postwar relations in Europe within the framework of “watershed periods,” rather than a gradual linear evolution of policy. First, the reconstruction during the early Soviet Occupation marked the Soviet pursuit of unified and neutral Germany and the foundation of separate structures as well. Second, the period of 1947-48 was critical in defining relations with the West and formation of separate East German administration, which led to the creation of the GDR. Third, the period of 1952-53 marked another turning point in the development of GDR and the Soviet role in its consolidation.
The Cold War in East Asia

The uncertainties and the character of the postwar international system, the security concerns of the United States and the Soviet Union and their diverging ideologies and political systems set the two countries on a collision course. Was the world too small for the existence of two superpowers? Indeed, the ideologies were incompatible. Democratic capitalism and Communism seemed to exclude each other, and when they embodied state power, a conflict between them seemed imminent. It was a matter of time and crises, such as the Greek civil war or the Berlin crisis, before this conflict took specific shape and dynamics. The geographical or “hard” borders of the two countries allowed the setting of a wide defensive perimeter outside them against real and perceived security dangers. These perimeters established zones of domination and influence, which can be called “soft borders.” Securing these soft borders was the key element which sparked the cold war because there could hardly be an agreement on their exact drawing. Their “elasticity” and the possibility of change created a constant source of tension and potential conflict. The nature of security is precaution and prevention, which usually amplifies the real dangers to ensure an effective response against them.

One might argue that the world could accommodate two competing systems and camps without leading to confrontation and creation of self-contained systems. However, as long as the “other” was perceived as an adversary, making peace became a daunting, albeit not impossible, task. The temporary lines drawn during the Second World War divided countries. It is widely accepted that the cold war started in Germany, which was critical for both Washington and Moscow. A revived and re-armed Germany and Japan was the greatest Soviet fear. Since Japan was occupied by the United States, the Soviets were determined to consolidate their position on the Korean peninsula as insurance policy against a resurgent Japan. Korea became the Asian
epicenter of the evolving global rivalry.

The spirit of cooperation among the Allies was still alive at the Potsdam Conference in July 1945. Like his predecessor, Roosevelt, Truman initially believed that he could deal with Stalin. The unfinished war in the Pacific was part of the reason for Truman’s attitude. Before going to Potsdam, Truman was uncertain if he could use the atomic bomb to finish the war earlier and save American lives by avoiding bloody battles for the Japanese main islands. The American president was delighted to secure Soviet participation in the war (planned ironically for August 15, the day Japan surrendered) in the Far East at the first day of the conference, “with no strings on it,” as he confided to his wife.31

The spectre of confrontation lurked at the conference, however. The atomic bomb could be used not only to end the war quickly, but also to demonstrate American power. The bombs dropped on Hiroshima and Nagasaki confirmed American superiority. Soviet troops attacked Japan’s Kwantung army in Manchuria and Korea on 9 August with a formidable force.32 The Japanese had little choice but to surrender unconditionally. Their defeat and retreat from Manchuria and Korea left a vacuum to be filled by the Soviet and American troops. The Occupation of Korea along the 38th parallel signalled the continuous cooperation among the Allies, but also spelled trouble for the future.

The 25th Soviet Army crossed the Sino-Korean border on August 11 after two days of fighting. High-ranking officers from the 25th Army played an important role in the occupation policy in the North, although there was no preparation for occupation and little local

31 Leffler, 44
32 The Soviet forces consisted of 31 infantry divisions, 8 combined divisions, and 2 air force divisions. In the course of the battles in the Far East the Japanese army suffered 100,000 casualties and 594,000 POWs taken by the Soviet Army.
knowledge.33 Soviet army units landed in the Korean ports of Najin, Ch’ŏngjin and Ungi on the eastern coast by 13 August. The Soviet army could have occupied the entire Korean peninsula and the Americans could have done little to have stopped them.34

Moscow honoured its agreements with Washington and waited for the American troops to arrive in southern Korea in early September. One explanation for the Soviet compromise in Korea was Moscow’s anticipation of a joint Soviet-American occupation of Japan’s northern island of Hokkaido. Yet occupied Korea became another area of tensions and disagreements between the Allies after the Moscow Conference in 1945. The “soft” border between the Soviet Union and United States ran along the 38th parallel of the peninsula.35

The ascendance of the cold war in Europe in 1947 and the awareness of Soviet weakness prompted the Kremlin to pay more attention to Asia. The nationalist movements in the third world provided new opportunities for communist expansion.36 Initially Stalin honoured the accords with the United States in Asia, but the pressures in Europe and the new opportunity provided by the Chinese revolution changed Soviet policy. Sino-Soviet relations improved dramatically in 1949 and Stalin forged an alliance with the PRC at the expense of the gains from the 1945 Sino-

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33 According to Andrei Lankov, the decision to entrust the 25th Army with the occupation was taken at a meeting between the commander of the First Far Eastern Front Marshal K.A. Meretskov and the commander of the 25th Army Colonel-General I.M. Chsitiakov on August 25. There was little preparation for the occupation (if any), for the Soviet army prepared to fight Japan and Korea was of lesser concern. The political officers in Soviet Army, commissars, played important in North Korean development from 1945 and 1948. One of the most influential figures was Major-General N.G. Lebedev, commissar of the 25th Army. Major General Andrei Romanenko became head of the Soviet Military Administration in October 1945. Colonel-General Trentii Shtykov, a political commissar of the First Far Eastern Front (only he and three other commissars held such high military rank in the Soviet Army by 1945) was de facto ruler of North Korea during the occupation, supervising both Soviet military and local North Korean authorities. Shtykov made the communication between Soviet military in Pyongyang and Zhdanov and Stalin in Moscow. Another key figure was Colonel A.M. Ignatiev who helped the creation of the KWP. Officers from the so called “7th department” of the Political Administration of the 25th Army were subordinated to the political commissar and maintained the contact with local authorities.


34 Kim Kwang-un, 47, 50

35 The 38th parallel served as virtual border between the North and the South until the Korean War. The 1953 armistice agreement left parts of the 38 parallel above the DMZ and other parts were left below the parallel.

36 Leffler, 67
Soviet Treaty negotiated with Chiang Kai-shek’s Nationalist Party.\textsuperscript{37}

The new strategic configuration in East Asia and the successful nuclear test in the Soviet Union in September 1949 created favourable conditions for a more assertive Soviet policy in the region. Stalin became more inclined to foster a new revolutionary expansionism, though he did not want to risk war with the United States. The Kremlin, for example, urged the Japanese Communist Party to pursue revolution in Japan in early 1950, a change from the earlier “peaceful revolution” course.\textsuperscript{38} In January 1950, after some initial reluctance, Stalin also approved a plan for armed unification of Korea by the North. A unified and friendly Korea would prevent his capitalist enemies from using the peninsula as a springboard for aggressive actions from the United States or a rearmed Japan. Securing warm-water ports in the region probably also played a role in the Soviet decision to consent to the North Korean plan.\textsuperscript{39}

\textit{Divided Korea}

The seeds of division were sown in the colonial past of Korea, and a schism between Koreans associated with colonial rule – servicemen in the colonial administration, policemen, imperial soldiers and officers, businessmen and land owners linked to colonial administration –

\textsuperscript{37} The privileges included Lushan, Dailan, and stake in the Chinese Eastern railway. The Treaty was approved by the United States and Britain in Yalta in 1945. Moreover, according to Haruki, the Soviet Union was faithful to the alliance with the PRC even by forsaking its territorial claims over Southern Sakhalin and the Kuril Islands, because the Sino-Soviet Treaty of Alliance stipulated that any peace treaty with Japan would include China, something opposed by the United States and Britain during drafting the treaty with Japan in 1953. According to the draft treaty, Japan should abandon its claim over these territories, albeit without ceding them to the USSR, thus providing international recognition to the Soviet demand. See Wada Haruki, “The Korean War, Stalin, and Japan,” in \textit{Social Science Japan Journal}, Vol. 1, No. 1, 1998, 22-23

\textsuperscript{38} Ibid., 26


Although this pint is valid and consistent with historical Russian strategic objectives in the region, its importance should not be overstated.

For more details about Russian czarist policy in East Asia in late 19\textsuperscript{th} and early 20\textsuperscript{th} century, see Avram Agov, “The Russian-Korean Relations and the Origins of Korea’s Colonization, 1876-1910,” MA thesis, Harvard University, 1996
and those who were disadvantaged or were in open opposition to colonial rule, including partisans and other leftists, nationalists, dislocated laborers and poor peasants, deepened after the Liberation following Japan’s defeat in the Second World War. The modernization of Korea started through the intrusive and repressive colonial apparatus which generated division along the lines of social stratification and the struggle for independence. The power vacuum left in Korea after Japan’s surrender exacerbated the situation.

The ambiguity of the Allies’ stance on the postwar regulation of the Korean peninsula deepened the internal schism. First, the Cairo Declaration, signed by Roosevelt, Churchill, and Chang Kai-shek in November 1943, stated that “in due course Korea shall become free and independent.”40 Nothing definitive came out from Potsdam Declaration in July 1945,41 dealing with Japan’s surrender terms. Soviet and American forces hastily occupied the Korean peninsula, but the status of Korea was still uncertain. The Moscow Conference of Foreign Ministers42 decided to establish a Joint Soviet-American Commission and envisioned the creation of four-power (US, UK, USSR, and China) trusteeship on the Korean peninsula for up to five years to prepare for independence. The Soviet Union got involved in postwar security arrangements for East Asia for the first time during the Moscow conference. The USSR was not a signatory of the Cairo Declaration or Potsdam Declaration.

This trusteeship framework was unrealistic at its inception, although it also reflected the desire of the Allies to work out a common solution in Korea. Britain was too weakened from the war to play a role on the Korean peninsula and China was torn by the conflict between the

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40 The content of the Cairo Declaration became public on December 1, 1943 through the Cairo Communiqué, which stated: “The aforesaid Three Great Powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.”

41 “Cairo Communiqué,” December 1, 1943, National Diet Library, Tokyo, Japan

42 The conference took place in Moscow in October 1945 and issued a communiqué in December. The participants were James Byrnes (the United States), Ernst Bevin (United Kingdom), and Vyacheslav Molotov (the Soviet Union).
Nationalists and the Communists. Therefore, negotiations came down to a two-power arrangement in Korea.

More importantly, the trusteeship mechanism did not reflect the conditions on the ground. The liberation of Korea did not mean immediate independence. The trusteeship project reflected Korea’s failure to get independence in 1945. The Allies did not believe that Korea could manage on its own for some time. After 35 years of oppressive colonial rule the Koreans were not prone to wait another five years to gain full independence. A revolutionary movement was emerging in post-colonial Korea. Although the pro-Soviet political forces in Korea supported the Moscow decisions, the trusteeship formula sparked protests in the American Occupation zone. The Joint Commission deliberated the future of the pan-Korean government, but it was plagued by uncompromising differences.43 The Soviet-American negotiations were paralyzed by the summer

43 According to Soviet documents studied by Andrei Lankov, the Politburo-endorsed plan envisioned unacceptable for the American side distribution of posts in future coalition governments: “40 percent of the North Korean parties, 30 percent of the South Korean Left and a mere 30 percent of the South Korean Right.” In other words, of the 16 ministerial posts 10 should be given to the Left, including the Prime Minister. This would naturally mean complete domination by pro-Soviet parties. Andrei Lankov, “Soviet Politburo Decisions and the Emergence of the North Korean State,” in Korea Observer, Vol. 36, No. 3, Autumn 2005, 391-393

The hard-line Soviet position may also be interpreted as tactics to ensure reasonable influence in the future Korean Provisional Democratic Government by the representation of the Left, and not to abrogate the negotiations. If so, one might expect that the Soviets would soften their initial position. Just the opposite happened: their position became more unacceptable for the Americans. Moscow required 70% representation 40 percent from North Korean parties and 30 percent from the Left in South Korea) during the negotiations in August 1946 and in May 1947 it already demanded 75% (instead of 40% from the North, now Moscow wanted 50 percent despite the smaller population of North Korea plus around half of the South Korean representation). Nevertheless, we have to be cautious of how we define the Left and the role of the Communists. The lines were often blurred and some independence movement leaders, such as Yo Un-hyŏng can easily be defined as representatives of the Left at that time. Moreover, the strong anti-Japanese sentiments in post-Liberation Korea played well in the mill of the Soviet occupation and their Korean supporters, weather they were Communists or broadly defined Leftists. In other words, Communists were only part of the Left, which had broad appeal and social base in the first two years after the Liberation. Thus, demanding bigger share for the Left (not only the Communists) was not necessarily in counter to the political process in Korea, although the Soviet demands were certainly exaggerated and hence became unacceptable for the Americans.

According to Lankov, another indication of the Soviet unacceptable position in the Joint Commission was the demand for withdrawal of occupation forces in 1947, which meant division of Korea (unlike 1946, when withdrawal would not necessarily mean division).

Lankov, 2005, 402-403

It is true that the conditions in 1947 made reconciliation between the North and South more difficult and foreign troops’ withdrawal might have cemented the division. But if so, then division would have happened in case of troops’ withdrawal in 1946 too. At the same time, the presence of foreign troops also contributed to the division into the two
of 1947. In the meantime, Moscow and Washington tightened their control over their occupation zones. An independent Korea was not in the interest of either power.

The permanent division of Korea along the two occupation zones became imminent. There was no blueprint for the division. The American and the Soviet policymakers formed ad hoc positions. Even the hasty American decision to draw a line along the 38th parallel on the Korean peninsula (August 10) and the Soviet quick consent the next day were indicative of the “improvisational” element in formulating policies toward Korea. For Moscow, Korea was not a major foreign policy issue until the Soviet Union entered the war in the Far East in August 1945. The quick surrender of Japan caught the Americans unprepared for occupation of Korea. The Allies tried to maintain their cooperation in the postwar negotiations. However, the emerging international system and growing disputes between Moscow and Washington made it increasingly difficult to find common ground in Korea. Furthermore, the emerging civil conflict between the Left and the Right in post-colonial Korea deepened the divisions on the peninsula and complicated the relations between the two occupying powers.

Given the history of Second World War, the Soviet Union and the United States were keen on taking extra precautions to ensure their security interests. Soviet strategic thinking was also influenced by the notion of encirclement by hostile powers. In the East Asian postwar context, extra precaution for Moscow meant securing a friendly regime in Korea, so it could not be used as a platform against the Soviet Union by a resurgent Japan. A friendly state was tantamount to the creation of a buffer zone. On the other hand, the quick Soviet advance into

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44 Two American officers at the State Department – Dean Rusk and Charles Bonesteel – drew the line along the 38th parallel using a map of National Geographic. They reasoned that the line divided Korea approximately in half and the capital Seoul would remain in the southern – American – zone. Also, the south had larger population (almost double the northern part).
Manchuria and Korea raised Washington’s concerns that the Soviet army would occupy the whole of Korea and even part of Japan. The division along the 38th parallel seemed to create a temporary solution which addressed Soviet and American interests. It was an example of *realpolitik* between the Allies. Both sides could not move beyond that solution, however, and the Korean division became permanent. Ideology and fear drove the two Allies further apart. Moscow and Washington viewed the division as a “lesser evil,” so that each could control one half, although both sides intended to gain control over the entire country in the future through unification on their terms.\(^\text{45}\)

**Creation of the Democratic People’s Republic of Korea**

The socialist one-party system did not emerge automatically with the start of the occupation of North Korea. Instead, the domestic system formation was an incremental process whose foundation was laid during the occupation years. The Soviet Union did not necessarily have a blue print for creating a socialist North Korea, but the Soviet ideology and political and economic practices began to shape the North Korean revolution. Furthermore, the “people’s democracy” line, which was sponsored by the Kremlin in Eastern Europe, provided parameters for structuring the political system in North Korea.

**Occupation**

State building started in earnest on both sides of the 38th parallel after Liberation. Moscow’s and Washington’s “insurance” policy came at the expense of Korean independence. American and Soviet forces fostered power structures that suited their political systems and ideology and propelled political forces which better reflected their interests. No doubt, the local

\(^{45}\) Lankov, 2005, 403
parties had their own agendas and motivations. The revolutionary situation in post-colonial Korea gave the Left an upper hand. Soon after liberation exiled or imprisoned communists returned to the political scene and started to shape the future administration. Moreover, many independent activists who participated in the People’s Committees shared the leftist anti-colonial and anti-imperial concepts. It is not surprising, therefore, that the Americans characterized the PCs as leftist from the very beginning. The Japanese authorities in Seoul entrusted a left-leaning independent activist, Yŏ Un-hyŏng, with organizing a transitional authority in the wake of Japan’s surrender to ensure an orderly retreat of the Japanese from Korea. Deputy Governor General Abe transferred power to Yŏ on 15 August 1945. Yŏ organized a Committee for the Preparation of Korean Independence on 16 August and on 6 September established the People’s Republic of Korea (PRK).46

The American forces in the south did not recognize the PRK or the People’s Committees as legitimate organs, and abolished them by the end of 1945. These moves sparked bitter and violent confrontation with the Left. By contrast, Soviet forces used the People’s Committees in the north for governing local communities. The setup of local PC structure on provincial, town, district, and village levels was completed by November 1945. Local PCs had the following sections: general affairs, industry, agriculture, education, security, transportation, and others.47

The PC network was a rudimentary local government which became the foundation of the future administration of the DPRK. The PCs served also as a tool for the Soviet Military Headquarters in North Korea.

American’s first public order to the Japanese Empire was issued on September 2 as

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46 Yo Un-hyŏng held the position of vice-premier, while the Committee selected Syngman Rhee as premier of the PRK in absentia. Interestingly, Kim Il Sung was selected as minister of defence (the same position envisioned by Soviet military experts in the North, as mentioned earlier).


47 Kim Kwang-un, 69
General Order No. 1, which included provisions for the division of Korea along the 38th parallel. The Commander of the American occupying forces in Korea, General John Hodge, arrived in Inch’on near the capital Seoul on September 8 and declined to meet with representatives of the PRK. Instead, the general put the South under direct military authority through the United States Army Military Government of Korea (USAMGIK) and imposed a curfew (which in various forms remained in South Korea until 1982). Like the Russians, the Americans were unprepared for the occupation of Korea, but they had more resources than the Russians to impose direct rule.

The different policies of the Soviet and American military administrations toward the spontaneously created organs of local power may explain why the Soviet occupation zone was relatively more peaceful than the American one. However, reported pillaging and violence by the Soviet Army in the first months of the occupation met with widespread resistance among Koreans. The extraction of resources led to protests in September-October 1946.\(^\text{48}\) Another important reason for the less violent political process in the North was the nature of the Soviet-inspired political structure, which had a higher degree of control and mobilization capacity than the occupation authorities in the South.

It is important to note that the North Korean leadership responded to local conditions and that local forces drove the political process. At the same time, this process unfolded within the framework of occupation, and major decisions, particularly in the areas of foreign relations and relations with South Korea, were coordinated with Moscow.\(^\text{49}\) As for local governance, the North Korean authorities had more autonomy in the decision-making processes. And it was naturally so, given the limited recourses that Moscow could commit in Korea.


\(^{49}\) Lankov, 2005, 403
The North Korean power structure was built between 1945 and 1948. The Soviet Military established the Soviet Civil Administration (SCA) to govern the five northern provinces. The first proclamation of the SCA on August 26 stated that the future belonged to Koreans. In many ways it fulfilled its pledge, although it remained a powerful force which shaped the political landscape during the occupation. The communists constituted the core leadership in the emerging administration and the guerrilla faction played a key role in the process. The SCA strengthened the regional PCs. The next step was the setting up of an embryonic North Korean central administration (attached to the SCA) with ten departments on November 15. The ten-department SCA was subordinate to the Soviet Military HQ in North Korea, so the basic decisions were made by the Soviet military in Pyongyang. The personnel of the ten departments were predominantly Korean. The guerrilla faction was in control only of the security department, but it was the biggest one.\textsuperscript{50} One can argue that the security department was the backbone of future political power in North Korea. It used it position to enhance its overall power in government.

The suppressed Communist movement during the colonial era was concentrated in the south – the central committee of the Korean Communist Party was in Seoul. Upon the Soviet army’s arrival in Pyongyang, the Communists were a weak political force. For instance, on Liberation day, there were 56 communist activists with experience in South P’yŏngan province, including Pyongyang.\textsuperscript{51} At the same time, Pyongyang was the most Christian city in Korea during the colonial period (with 20 percent of the citizens considered Christians). The Japanese administration drove the communists either outside the country or sent them to prison, and the

\textsuperscript{50} Kim Kwang-un, 259; Lankov, 2002, 15-17
According to Soviet sources, cited by Lankov, the Soviet Civil Administration was officially inaugurated on October 3 1945 – headed by A.A. Romanenko and supervised by T.F. Shtykov. The difference in dates is not so significant because there was some time needed for formal structuring. It is fair to assume that the Soviet Army established some governing mechanism from the early days of occupation and in its initial stages the SCA was more amorphous and directly subordinate to the Soviet Military HQ.

\textsuperscript{51} Kim Kwang-un, 95
few remaining were operating underground. The small number of Communists in Korea immediately after the Liberation was not therefore a good gauge for the appeal of the ideology or the communism’s political potential.

In late August, North Korean communists started to organize provincial organizations, which were nominally part of the Korean Communist Party, but they were independent from the central committee in Seoul. They set up the Communist Party Committee of the five northern provinces (excluding Hwanghae) between 17 and 28 August. At that time, there were 2,074 communist party members in North Korea. The North Korean Bureau of the Korean Communist Party numbered 4,530 members in December 1945.

The Soviet Civil Administration attempted to achieve its security objective – a friendly Korean state – on the cheap by using the newly established local Korean authorities. This became possible by steering the People’s Committees into a pro-Soviet policy direction. A number of local self-governing bodies emerged in Korea after Japanese surrender. With the tacit approval of the colonial administration, Cho Man-sik established South P’yŏngan Committee for Preservation of Public Peace on August 15 which became South P’yŏngan Committee for the Preparation for Independence (on 16-17 August). The committee consisted of nine departments and had twenty members including Cho (only three members were Communists). The communists set up the South P’yŏngan Committee of the Korean Communist Party on 17 August.

The Soviet army entered Pyongyang on 26 August. On the following day, the Soviet command prompted the South P’yŏngan Committee for the Preparation of Korean Independence to change its name to the People’s Political Committee and merge with the South P’yŏngan

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52 North Hamgyŏng: 350 members, South Hamgyŏng: 424, North P’yŏngan: 300, South P’yŏngan: 500, Kangwan: 300, Hwanghae: 200
Ibid., 100
53 Ibid., 185
Committee of the Korean Communist Party in a way that the new organization represented equally the Left (in this case, meaning communists) and the Right (Christians and other non-communists). There were a number of local self-governing bodies in the North. In early September they were called People’s Political Committees and People’s Committees in early October.54

It appeared that the Soviets started political “engineering” as soon as they entered North Korea, but this was true only to a degree. The “engineering” interpretation is partially true because they helped the Communists from the start of the occupation. At the same time, the SCA pursued a people’s democracy policy which formally allowed party plurality in the fledgling North Korean politics. But the Soviets did not have much of choice too, for the Communists were not in a position to take over the local power from the very beginning of the occupation. Therefore, people’s democracy concept was both consistent with Soviet policies in postwar Europe, but also a necessity on the ground.

“People’s democracy”

The concept of “people’s democracy” (called also “new democracy”) was Stalin’s brain child for the postwar political order in the East European countries which were in Soviet orbit of influence. The principle of “people’s democracy” related to Comintern’s antifascist “Popular Front” idea announced by Georgi Dimitrov at the Seventh Congress in 1935. “People’s democracy” as a political platform was part of concerted Soviet policies in countries and occupied territories at that time and North Korea was integral part of these policies. Creating a people’s democracy in northern Korea was a way to incorporate North Korean communists into a broader domestic political structure, but Korean communists would also take over power from

54 See Kim Kwang-un, 84-85; Lankov, 2002, 11, 13
within, as happened in all the “people’s democracies” in Europe. Common ideology and political strategies defined the integrating process in the system. “People’s democracy” was not Sovietization so it represented divergence from the Soviet model, though this political path led to emulation of Soviet practices.

During his first speech on 14 October, Kim Il Sung proclaimed the construction of a “democratic Korea” with all national strength, including workers, peasants, intellectuals and small owners. At the same time, workers would be a leading force in the United Democratic National Front. At a session of communist representatives of the five North Korean provinces in November, Kim emphasized the strengthening of the working class and the elimination of factionalism. The themes of “class struggle” and fighting factionalism were important elements in the political discourse from the outset of the Soviet occupation of North Korea. Solving “the political problem” through elimination of internal and external political opposition was an essential part of communist ideology and Kim’s rise to power.

The “people’s democracy” concept fit Kim Il Sung’s idea of “people’s base,” but this was not a coincidence. Kim formulated the “people’s base” strategy to foster revolution in the North as a base for expanding it in the entire country. It was a revolutionary unification strategy that also aimed at a revolutionary transformation of society according to Marxist-Leninist ideology. There are different opinions when this policy was first formulated. In case the

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55 Kim Kwang-un, 162, 168
56 Haruki points to December 1945 as the beginning of the “people’s base” strategy. Masayuki defines August 1946 – the first congress of the North Korean Worker’s Party as the starting point, and others, such as Kim Nam-sik and Chŏng Yong-uk point to the meeting of the representatives of the five northern Korean provinces in October 1945. This author finds Kim Kwang-un’s explanation most compelling. Kim persuasively argues that Kim Il Sung’s strategy originated from his guerilla experience in Manchuria, when he defined Manchuria guerilla base as starting point of liberation from Japan.
Ibid. 173-174
Andrei Lankov remarks that at the second congress of the NKWP in March 1947 Kim Il Sung formulated the “people’s base” concept for the first time. Lankov links the idea of “people’s bases” to the “revolutionary bases” – Communist-controlled provinces in China during the civil war, and sees in the idea a main hint in the impending war with the South. One way or another, the idea related to Kim’s guerilla experience in Manchuria, where Koreans
revolutionary goal could not be achieved across the country, it was first to be implemented in one part (the North) and then to be applied to the South.

Interestingly, the “people’s base” line did not mean a “socialist,” but “democratic” change of society. However, the dictum of proletarian revolution was part of Kim’s vision for the future of Korea. Kim Il Sung and his comrades were aware that there was an insufficient power base for a socialist revolution, so the first thing on the agenda for Kim and the Soviet occupation authorities was setting a power structure which could eventually transform society. The people’s committee structure was the vehicle to assume control over the emerging government, while the concept of people’s democracy provided broader political appeal for social change as well as a mobilization tool. A communist party with a leading workers’ component was then to be built as an agent of radical change.

The Soviets believed that a people’s democracy would ensure friendly regimes along its borders in Europe and Asia. Probably at least until the spring of 1946 they did not contemplate establishing a separate government in North Korea. Within the formal structure of people’s democracy, the Soviets promoted North Korean communists in the local administration. The combination of Soviet prodding and indigenous revolution pushed North Korea closer to the Soviet Union and its socialist system. These changes also separated the North from South something which made unification an increasingly difficult task.

The first joint conference of the People’s Committees of the Five Northern Provinces convened on 8 October 1945. Among the 170 participants, 110 were representatives of the provinces (51 of the 110 were communists). The rest were 40 P’yŏngan representatives (workers, peasants, intellectuals) and 20 participants from the Soviet administration. This framework

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fought side by side with their Chinese comrades.
Lankov, 2002, 42
ensured a communist majority in the decision-making process.\textsuperscript{57} This was a first attempt at establishing a North Korean government, but it was short-lived.\textsuperscript{58}

Representatives of parties and social organizations, regional PCs, and the SCA gathered on 8 February 1946 and replaced the Administrative Committee of the Five Provinces with the North Korean Provisional People’s Committee (NKPPC). The establishment of the NKPPC was the next milestone of state building in North Korea. The NKPPC was a consolidated central and provincial administration organ directed the work of the regional PCs. It had ten departments which complemented the Soviet Civil Administration and three bureaus. The idea behind the creation of the PPC was to leverage a future provisional government before the opening of the Soviet-American Joint commission. Also, besides (and probably despite) the commission arrangement, the NKPPC helped create a unified Korean government in the future. Kim Il Sung was elected chairman of the NKPPC.\textsuperscript{59} Thus the North Korean governing structure which took shape paralleled that of the SCA.

Given the lack of preparation for the occupation of Korea, Soviet policy was based on “improvisation and \textit{ad hoc} decisions.” Until March 1946 a compromise with Americans was possible, but the diverging interests of the two powers led to a decision by Moscow to take a course leading to establishment of a separate North Korean government.\textsuperscript{60} The Soviets started state “engineering” parallel to the political engineering going on by making certain that the North

\textsuperscript{57} The joint conference decided to complete the organization of local People’s Committees by the end of December 1945. The structure included the following levels of administration: village (\textit{li}) head, township or ward (\textit{myŏn}) 7/9-member PC comprised by village heads, district (\textit{gun}) 13/14-member PC selected among the township PCs, city (\textit{si}) 15/17-member PC selected among the district PCs, and province (\textit{do}) 19-member PC selected among the city PCs. Kim Kwang-un., 90-91
\textsuperscript{58} Lankov, 2002, 14
\textsuperscript{59} Kim Kwang-un, 265-266
\textsuperscript{60} Andrei Lankov points out that until March 1946 Soviet military experts were drafting proposals for creation of all-Korean government, indicating possibility for a compromise. In a March draft proposal, for example, Kim Il Sung was given the position of defence minister. Lankov, 2003, 7-8
Korean communists dominated the administration. The North Korean administration was shaped with the assistance of the Soviet Civil Administration, mass movement organizations and the central role of the communist party. There were eleven tasks in front of the PPC, the central of which was “people’s reform.” Kim Il Sung declared twenty basic principles to guide the NKPPC reforms and the “foundation of the Korean Provisional Democratic Government” in the future. The NKPPC launched an economic and social revolution in 1946. Therefore, Soviet policies found fertile ground in North Korea. In many ways the changes were a result of the internal dynamics of post-colonial society.

Among the most significant social reforms were the decisions to introduce an eight-hour work day in June and gender equality in September. Those decisions represented a clear break with “traditional” Confucian culture and colonial society. The education reform of December 1946 (introduced in North Korea from September 1947) was also wide-ranging. The authorities launched an education for adults, one parallel to the regular education system, including four-month hangul courses for illiterate folks. The number of illiterate North Koreans in 1944 was estimated at two million. By 1948, North Korea established 1,758 schools (plus 70 evening high schools) for adults in which one million people were receiving basic education.

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61 The 20 basic principles were adopted at the enlarged session of the NKPPC on March 19-20, 1946. They were divided into three groups: politics: 1-7, economy 8-13, culture 14-20.
62 Overall 10,000 women worked in the administration: 34 of them in the central administration – the NKPPC, 453 in provincial, city, township PCs, 7,049 in district and village PCs
63 The education reform of December 18 1946 envisioned new system to start in September 1947: preschool (1 year), people’s school (5 years), middle and technical schools (3 years), high-middle and specialized schools (3-4 years), universities and teachers’ universities (2 years), research institutes (2 years). Besides the regular education the authorities introduced adults schools, such as Korean language schools (4 months), adult schools (2 years), adult middle schools (3 years), workplace technical schools (3 years)
64 AMFABG, Opis 17, delo 39, 647, Report from the Bulgarian embassy in the DPRK, Economic Development of North Korea, Statistics, 1946-1959, ambassador Georgi Bogdanov, Pyongyang, February 7, 1961, 27
65 Institute of Far Eastern Studies at the Academy of Sciences of the USSR (thereafter IVANSSSR), Otnosheniia
number of elementary schools tripled from 1944 to 1949 and the number of pupils increased from 877,895 to 1,473,976. North Korea established 15 colleges and universities with 12,000 enrolled students.\footnote{The number of elementary schools increased from 1,372 to 3,882 from 1944 to 1949. There were 926 middle schools, 177 high-middle schools, and 69 technical schools in 1949, while there were 50 high schools and 3 technical high schools in 1944. Also, there was no college education during the colonial time in North Korea. AMFABG, Opis 17, delo 39, 647, Report from the Bulgarian embassy in the DPRK, Economic Development of North Korea, Statistics, 1946-1959, ambassador Georgi Bogdanov, Pyongyang, February 7, 1961, 27} The reforms in North Korea’s education system illustrated “vertical” (distancing from Korea’s past) and “horizontal” (distancing from the South) divergences. Yet, the reforms put North Korea on the road of integration into socialist system, reflecting similarities with socialist countries which sought to establish an all-inclusive education system. The education in North Korea would serve a double purpose – resolving the illiteracy problem, but also serving the socialist and national agenda of the authorities.

Early signs of North Korea’s particularity were evident from the start of reforms too. The pro-independent sentiments were strong in post-Liberation Korea, and the North Korean authorities tried to nurture a national-oriented mentality when laying the foundation for a new educational system. Moreover, the cultivation of national identity was linked to the heroism of Kim Il Sung and his fellow partisans. “Patriotic” education became an integral part of the school’s curriculum. Kim Il Sung and his partisan past were focal points in the history course at the 5th grade of the “people’s schools” (elementary schools), including major themes like “General Kim Il Sung’s people’s liberation struggle.”\footnote{Sŏ Tong-man, 325}

The backbone of the emerging political structure and reforms was the communist party, while the mass organizations became the “transmission belt” of its policy. There was a flurry of organizational activity in the first months after the liberation. Besides the organs of power and
major political parties, new mass organizations started to shape the political scene. They were integrated into the communist political agenda for radical reforms. The mass organizations provided the authorities and the Communist Party with vital organizations for mobilization of society at a time when the power structure was in the process of formation.

The Democratic Union of the Korean Youth is a good example. After the liberation, numerous communist-inspired youth organizations popped up, including the Liberation Youth Union, the Peasant Youth Union, the Student Union, the Union of Proletarian Youth, and the Red Youth Union. By the end of 1945, a policy debate between Kim Il Sung’s “people’s line” and the classical communist “class line” affected the mass organizations. In December, Kim urged a merger between the Student Union and the Democratic Union of the Korean Youth. The new organization spread to factories and mines, had representatives in various PCs and comprised 50 percent of the Communist Party in 1946. The mass youth organization was instrumental in the political campaign for the local PC elections in December 1946. It mobilized its members for propaganda work in local communities during the elections and comprised 28 percent of the staff of the election commissions. The union helped to implement the land reform by sending many activists to the villages.

Union leaders were active in local government after Liberation and established the National Council of Labour Unions (NCLU) in Seoul in early November 1945. The union branches in the North organized into the North Korean Federation of Trade Unions (NKFTU) a month later and became independent organization from the south in May 1946. The NKFTU participated in implementing labour and social insurance laws introduced by the PPC in 1946. In

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68 Kim Kwang-un, 200-202
The Democratic Union of the Korean Youth numbered 800,000 members in May 1946 and by September it reached 1.3 million.
69 Ibid., 201
January, 1947, O Ki-sŏp, one of the leading “domestic” communists and head of the Labour Bureau at the NKPPC, claimed that 200,000 workers had received free medical treatment. The NKFTU was the only legally permitted union and was subordinated to the North Korean People’s Committee (NKPC), which succeeded the NKPPC as central authority in North Korea. O Ki-sŏp became also labour minister in the NKPC, but was criticized and purged later for suggesting that workers had the right to organize independently and criticize the state.\(^70\)

The mass organizations played the role of a transmission belt for the policies of the emerging state. The communist party was at the centre of the new political system. In a country with a small number of workers, mass organizations were an important tool to create a wider social base for radical social reforms. But it was the communist party which started to shape the political structure of North Korea. The guerrilla group of Kim Il Sung began to assert itself as the core of the communist organization. Furthermore, the rise of Kim Il Sung to power was inseparable from the formation of the North Korean political system.

_The rise of Kim Il Sung and the guerrilla group_

Kim Il Sung’s experience in the Soviet Union as a battalion commander with the rank of captain in the 88th Independent Brigade of the Soviet Army (stationed near Khabarovsk) had an impact both on his political convictions and on the Soviet decision to support him in North Korea. East European communist cadres returned from exile in the Soviet Union to their home countries after the end of the Second World War and shaped the local political process. They led the communist parties to take power and initiate the socialist transformation. Kim Il Sung was not

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\(^70\) O Ki-sŏp defended workers’ right for independent unions in _Rodong Sinmun_ article “The State of Trade Unions” in 1946 and answered to criticism late that year at a session of the CC of the KCP. I was criticized of “factionalism” at the Second Congress of the KWP in 1948 and he was purged in 1958. See Charles Armstrong, _The North Korean Revolution, 1945-1950_, Ithaca and London: Cornell University Press, 2003, 88-89, 160-161
much different from his East European comrades. His credentials as an anti-Japanese guerrilla fighter also contributed to the Soviet choice of Kim as North Korean leader. These credentials helped him overcome his opponents from various factions in the internal communist power struggle.

Kim Il Sung used a pattern of entrusting his guerrilla comrades with the most important tasks from the very beginning of building his power base. As early as September 20, Kim Il Sung sent his top lieutenants from the partisan group to cities to assess the political conditions with the consent of Soviet military Headquarters in Pyongyang. Kim Ch’aek was dispatched to Hamhŭng, Kim Il to Sinŭiju, So Ch’ŏl to Wŏnsan, and so forth. Among the dispatched guerrillas, forty-seven were assigned as police commanders and advisers in various regions; fifteen became interpreters; thirty-seven were assigned in regional defence.\(^71\) They reported that the most severe problem was the lack of managerial staff in the regions. Ch’ŏng Chang-ch’ŏl, Kim’s comrade, established the Worker’s Political School in Pyongyang, which produced its first graduates in December 1945. Kim Yong-sŏk, who was dispatched to Namp’o, became the first Korean student to be sent to study in the Soviet Union in 1946.\(^72\) Ch’oe Yong-gŏn became head of the Security Department at the NKPPC in 1946.\(^73\) It is evident that from the beginning of the formation of North Korean power structure that the guerillas played a key role.

East European communists also started to occupy key positions in the central administration and security apparatus and they too aligned along the lines of political experience (for example, cadres returning from exile in the Soviet Union and local cadres – political

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\(^{71}\) Kim Kwang-un, 138-140

\(^{72}\) Ibid., 142

\(^{73}\) Pang Hak-se, a former Soviet police officer, was a notable exception. In 1946, he became head of the Section of Political Defence of the State (an interesting term, given that the DPRK still did not exist) within the Security Department – the future political police and counter-intelligence service. Pang remained one of the key figures in the North Korean repression apparatus and was instrumental in the purges in the 1950s and 1960s. His experience and trust from Kim Il Sung can explain his important role in the security services. Lankov, 2002, 38
prisoners and partisans). But there were no such cohesive groups like Kim Il Sung’s partisan group which emerged to take supreme control. Probably this difference related to the internal factions which divided the Korean communist movement from its inception. There were factions in East European communist parties too, but not in such cohesive form. It seems that North Korean communists’ origin and personal history had more significant impact on his/her political standing and alignment in the Korean communist system than was the case with the East European communists. And this difference defined one of the unique characteristics of the North Korean political process in setting a tone for the creation of a virtually hereditary elite. In turn, the closed character of the political structure (basically excluding upward mobility for “outsiders” to the partisan group) influenced the divergence of North Korea from the socialist system.

If the guerrillas took important positions in the formation of the North Korean government, the communist party was a key political instrument for shaping the future political structure of North Korea and integrating the occupied territory into the socialist system. One day after the Soviet occupation allowed the creation of “anti-Japanese democratic parties” (Order No. 7 of the 25th Soviet Army on 12 October 1945), the communists in the North set up the North Korean Bureau of the Korean Communist Party on 13 October. It started to act as an independent communist centre from Seoul and was referred to as the “organization bureau,”

74 Stalin and Beria were Georgians and their common nationality probably helped forming a power coalition on the top but it was not a faction. Stalin aligned with trusted comrades or struggled against political foes across the national origin lines. Also, former war veterans like Khrushchev and General Zhukov aligned in the post-Stalin era political infighting, but Khrushchev sacked Zhukov later when he was perceived as a threat. Furthermore, Todor Zhivkov in Bulgaria relied on the former partisans from the brigade “Chavdar” for his rise and rule but it did not emanate to a faction in the North Korean sense. Josip Tito probably came closer to Kim Il Sung as dominant guerrilla figure in Yugoslavia, but again, it was nothing which resembled the hereditary political hierarchy which evolved in North Korea. However, there was one important similarity: both Kim and Tito pursued “national communism” and tried to take different road to socialism defying the Soviet hegemony in the socialist world.

75 There was an organizing meeting on 13 October, which until 1958 was officially considered the founding date of the Korean Worker’s Party. But it was changed to 10 October, because at the 13 October meeting the main speaker was the first chairman of the Bureau Kim Yong-bŏm, and not Kim Il Sung. See Sŏ Tong-man, 94-96
“central leadership,” or “North Korean central office.”

At the third meeting of executive committee of the North Korean Bureau of the KCP in December 1945, Kim expressed concern that the organization was not a workers’ party: 30 percent of its members were workers, while 34 percent were farmers. The session elected a new 19-member executive committee with Hŏ Ka-i in charge of organization. The executive committee decided to establish party cells in factories, mines, and villages; to establish roots among workers and peasants; to prevent infiltration of factionalism; and to improve cadre work. At the enlarged session of the North Korean Bureau of the KCP (15 February 1946) among the main topics were the fight against the domestic faction’s “relativism” and factionalism in general. In April 1946, the North Korean Bureau was renamed the North Korean Communist Party, which was to follow Kim Il Sung’s “guidance.” The new northern communist centre became official and its leader Kim Il Sung its recognized leader. Kim Il Sung’s title Suryŏng (Leader) first appeared in May-June 1946. In 1947, it started to circulate in printed materials and in 1948 Kim was named “supreme leader.” That concept was imported from the Soviet Union by Soviet-trained Korean ideologues. The Stalinist system was the only existing socialist model at the time and North Korean leaders had little choice but to emulate the Soviet Union, which was also occupying the territory.

The communist leadership became more pronounced in the emerging government structure. At the fourth session of the Provisional People’s Committee (6 March 1946), three communist factions – guerrilla, Yan’an (Chinese) and Soviet – grasped control of the governing

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76 Kim Kwang-un, 151-152
77 Ibid., 185-187
78 Sŏ Tong-man, 156
79 Kim Kwang-un, 192
organ. Another method of asserting the communist leadership was through party mergers. Kim Il Sung and Pakŏn-yŏng secretly visited Moscow in July 1946 and met with Stalin, who proposed the mergers of parties. Upon their return to Pyongyang, Kim and Pak merged the North Korean Communist Party and the Korean People’s Party (of Kim Tu-bong) into the North Korean Worker’s Party. In the South, the Korean Communist Party merged with the People’s Party. However, as expected, at its first Congress in August, the Korean People’s Party decided to follow the twenty basic principles for social reforms announced by Kim Il Sung in April 1946 as chairman of the NKPPC (see below).

We can conclude that there was a political consensus of the Left in North Korea by securing friendly parties and organizations with communists holding key positions in their governing bodies. Loyalty was critical in allowing political activity in North Korea, so any party or organization was more or less defined within the consensus of the Left. The Soviet military administration in Eastern Germany prodded the merger of the German Communist Party and the Social Democratic Party into the German United Socialist Party. Other East European countries carried out similar mergers in 1948. These events point to a concerted Soviet effort to establish a more uniform system of political control in Soviet-dominated countries and occupied territories. Thus the first stage of the international socialist system’s creation came in the form of the expansion of the Soviet political model. In the beginning the “people’s democracy” meant party pluralism but it soon (particularly after 1947) became a hollow political structure. North Korea’s

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81 Sŏ Tong-man, 161
82 Kim Il Sung and the Soviet Military Headquarters decided to widen the political base of the NKCP by reorganizing the Korean Independent Union into the Korean People’s Party (KPP). It appeared as a non-communist (thus branded “rightist”) party because the core of the party constituted the Yan’an faction members, including the chairman Kim Tu-bong. The KPP was established on 16 February 1946. It was more diverse than previously assumed.
Kim Kwang-un, 363-364
83 Sŏ Tong-man, 171-172. See also Yi Chong-sŏk, 1995, 189-191
84 Kim Kwang-un, 363-364
particular pattern was determined by the conditions of Soviet occupation in post-colonial society and was prone to radical social reforms. Thus the socialist building in North Korea was a dual process – emulation of Soviet model and unfolding domestic revolution.

The communist party and the guerrilla group asserted their control by co-opting or taking over the leadership of other parties. Cho Man-sik’s Korean Democratic Party was the most telling example in this regard. At the time of Liberation, Cho, a Christian nationalist, was one of the most revered leaders of the independence movement in Korea. At first Cho Man-sik cooperated with the Soviet authorities, but their paths diverged at the end of 1945. The Moscow conference decision (December 1945) was the watershed in Cho’s relations with the occupation, as he opposed the trusteeship regime. Kim Il Sung and the Soviet command tried unsuccessfully to persuade Cho to back the plan for a provisional Korean government. The nationalists refused to support the trusteeship plan in early January and Cho Man-sik resigned as a chairman of the South P’yŏngan People’s Committee. Other nationalist members followed him. Those resignations represented a complete fall-out with the Soviet military, and Cho was arrested. The Soviet authorities established an alternative central committee of the KDP and elected Ch’oe Yong-gŏn, one of the most trusted of Kim’s comrades, chairman (February 8, 1946). Therefore, the original KDP became virtually extinct and the New Democratic Party came under guerrilla group’s control. Interestingly, on the same day of the creation of alternative DP, the communists established another friendly party - Ch’ŏngu’dang, based on followers of Ch’ŏndogyo religion, which also declared its support for the Moscow decisions. Cho Man-sik was executed during the evacuation of Pyongyang in October 1950.85

The KPP and the NKCP merged into the North Korean Worker’s Party (NKWP) on July

27-29, 1946, and the new party started to set up local branches with “leadership responsibility” (which meant taking over local governance). Kim Tu-bong (Yan’an faction) was elected chairman of the NKWP and Kim Il Sung became vice chairman. However, Kim Il Sung was the real leader of the party – both formally and informally. Kim Il Sung controlled the personnel and finance sections of the party. The membership and the party cells of the NKWP doubled from 1946 to 1948 mostly due to a big influx of peasants, who comprised 53.4 percent of the party membership in 1948.

The creation of the North Korean United Democratic National Front (NKUNF) on July 22, 1946 was another step in communist assertion of political control. The umbrella organization encompassed four political parties and thirteen mass organizations and was established on regional levels between July and August. It claimed 5,180,000 members in February 1948 and the communists were firmly in control of the leadership. The NKUNF played a key political

86 At the local branches the ratio of the two parties was 1:1, but of the 43 elected Central Committee members 30 were NKCP members (5 from the guerilla faction, 5 from the Yan’an faction and 5 from the Soviet one).
Ibid., 374
Similar merger was undertaken in the South: the South Korean Communist Party merged with the People’s Party and the Citizen’s Party on November 23, 1946. Pak Hŏn-yŏng became chairman of the new SKWP. Due to sever financial trouble of the party Pak acknowledged that the North was the “keeper of the revolutionary activities”
Ibid., 393
87 Kim Il Sung was called the “Korean people’s great leader” at a founding congress of the South Pyŏngan branch of KWP on September 9. His works (such as the article in September 9 issue of Nodong sinmun “The Creation of the NKWP and its Task”) were to be studied as one of the leaders of communist movement.
Ibid., 375, 391-392
88 The members increased from 360,000 to 750,000 by the end of 1947 and there were cells in every township.
Ibid., 386
Soviet sources gives lower figures of NKWP’s membership during its creation – 170,000; 134,000 came from the NKCP and 35,000 from the NPP.
Lankov, 2001, 31
East German source puts the number of party members at 300,000 in 1946 (73,000 labourers or 19.9 percent, 105,000 peasants – 28.6 percent), but they reached 700,000 membership (labor 266,680 labourers or 22.6 percent, 374,000 peasants – 53.4 percent), level in 1948, not in 1947. It seems that the exact number is of lesser importance. We can observe of quick influx of members in the NKWP after its creation in 1946 and the number of peasants increased three and a half times exceeding half the party membership.
PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 7, 70
89 The 7th session of the enlarged executive committee of the NKCP decided to create a central committee of the United Democratic National Front on July 7, 1946
Kim Kwang-un, 245-249
role in mobilizing voters for the elections for the People’s Committees in 1946 and other campaigns. There was no independent entity left outside of the organization.

The party and state building were carried out simultaneously. In September 1946, the Provisional People’s Committee decided to hold elections for local (provincial and city) People’s Committees on November 3. 99.6 percent of the eligible voters participated in the elections and 97 percent supported the official candidates. The NKWP participated in the United Democratic National Front, but there were no candidates outside the umbrella organization. There were three options for the voter: to vote for the official candidate, to vote against the candidate or not to vote. The election committees could even detect each voter’s ballot since voters cast their ballots “for” and “against” given candidates in different ballot boxes.90

One can also assume genuine enthusiasm among the population, which was given the right to vote for the first time in its history. However, the participation of virtually all eligible voters indicated a quite high degree of mobilization and control, reminiscent to subsequent “successes” of a 100 percent expression of the people’s will. The developed party-state socialist system was still not in place, but we can observe some of its elements at these early stages of North Korea’s formation.

The First Congress of the People’s Committees was held on February 17 1947. The congress elected the People’s Assembly of North Korea, a quasi-parliament. The NKWP had 88 members (37.2 percent) in the new 237-member assembly.91 There were 16 communist

90 Lankov, 2001, 34
91 The Democratic Party and the Ch’ŏngu’dang Party (based on the religion Ch’ŏndogyo) had 30 members (12.7 percent) each, and the rest 89 members of the People’s assembly were non-affiliated members. It is interesting to note that of the Worker’s Party members in the assembly the domestic faction was the biggest group with 70 members, while the Yan’an faction had 9 members, the Soviet – 6, and the guerilla faction – only 3 members. Sŏ Tong-man, 185, 189-191
Andrei Lankov points that the arrangement behind the election of a People’s Assembly (quasi-parliament) was discussed among top Soviet military officers (Shtykov, Romamenko, and Meretskov), even with no Koreans present, on December 19. They decided to convene the first congress of the PCs with 1,153 delegates who were to elect the
members in the 22-member top governing body of the assembly (central People’s Committee or the proto-government of North Korea), meaning that 73 percent of the leadership was communist. The communist representation in the central administration was higher than the overall PCs’ representation, which stood at 32 percent. Moreover, 50 percent were listed as non-party members and a big portion of them were peasants and the poor, who mostly benefitted from the reforms and had every reason to be loyal to the NKWP. The communists also influenced the Democratic Party and the Ch’ŏngu’dang Party.

Village People’s Committee elections were held in February 1947 while ward committee elections were held in March. The voter participation was as massive as in the November elections – 99.82 percent and 99.9 percent respectively, as 86.38 percent of the voters supported the official candidates in the village elections and 96.2 percent in the ward elections. At the village and ward levels communist domination was even more pronounced: 60 percent in village PCs were NKWP members, while in ward PCs the communists constituted 57 percent. It appears that the NKWP secured political influence in the central and local administration as a result of the elections. Before the PC elections the Soviet military and the SCA assisted an 231-member assembly by secret ballot. The Soviet generals even discussed the distribution of members: 35 percent for the NKWP, 15 percent for Ch’ŏndogyo-Ch’ŏngu’dang Party, 15 percent for the Democratic Party and 35 percent for non-affiliated members. The plan was approved in Moscow on January 3-4 and only then Kim Il Sung was invited for final consultations. 172 members of the assembly were actually elected and 56 others were party cadres or clerks.

The figures of the size of the assembly given by Sŏ (237) and Lankov (231) slightly differ, but the bottom line is that the Soviet generals’ “draft” of the assembly and the actual final proportion was very similar.

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92 Kim Kwang-un, 428
93 Overall, there were PC 3,459 elected members (provincial and city level), of whom 1,102 (31.8 percent) NKWP members, 351 (10 percent) DP, 253 (8.1 percent) Ch’ŏndogyo-Ch’ŏngu’dang Party. Workers constituted 14.5 percent, while women - 13.1 percent. 50.1 percent were non-party members. In the 55-member South P’yŏngan PC 25 (45 percent) were listed poor.
94 For example, in the 55-member South P’yŏngan PC 25 or 45 percent were listed as poor.
95 Lankov, 35
96 Kim Kwang-un., 414-415
informal communist leadership. The communists’ leading role was legitimized through the elections.

The Korean People’s Army (KPA) was established on 8 February 1948. The guerrilla faction dominated the command of the army. Kang Kŏn, a former fighter and comrade of Kim Il Sung in the 88th Independent Brigade, became head of the General Staff of the KPA. The KPA was used as a vehicle for Kim Il Sung’s glorification. There were no direct party cells in the army; the cultural section did the party work by using political commissars, similar to the Soviet model. The government exercised unofficial control over the KPA because their leaderships overlapped.

The Soviet military was directly involved in the creation of the KPA (advice, training, and weapons), as the first units of North Korean army were established in 1946. Moreover, the Soviet Politburo decided the creation of the KPA on 3 February. It is true that important decisions on the formation and development of North Korea were taken or sanctioned by Moscow, but this dependency can obscure the initiative of the North Korean communists, who willingly emulated their teachers. They were convinced in their actions, although they had to be taken with consent from the Kremlin.

97 The guerilla faction had 22 top officers in the army, while Yan’an had 10 and the Soviet faction had 6 officers. According to American intelligence, there was no differentiation between the guerilla and the Soviet factions in the field of army building; probably they both received military training in the Soviet Union.
98 Lankov, 37
99 Kim Il Sung was called “our people’s Leader,” (Kŭlloja, March 31, 1950, Yi Sŭng-ŏp); Pak Hŏn-yŏng named Kim a “national hero” at a May First celebration at which slogan read “Long live Prime Minister General Kim Il Sung!”
100 Ibid., 272-273
101 Ibid., 279
102 The Politburo of the CPSU decided “to allow the People’s Committee of North Korea to create the Department of National Defence and on the final session of the People’s Assembly to organize in Pyongyang a meeting and a parade of the Korean national military force.” Lankov, 2001, 37
On 10 May 1948 the UN-sanctioned elections were held only in the South and the National Assembly adopted a constitution on 17 July. The Republic of Korea was established on 15 August with Syngman Rhee as its first president. The UN recognized the ROK in December. North Korea held alternative elections for a Supreme People’s Assembly in August 1948, which claimed to represent the entire country. The Democratic People’s Republic of Korea was inaugurated on 9 September, and Kim Il Sung was elected prime minister of the DPRK. The North Korean constitution was based on the Soviet Constitution of 1936 and reflected the concept of the “people’s democratic revolution.” The adoption of Soviet style constitution capped the internal integration of North Korean political system into the Soviet system which was under way during the occupation. The North Korean political structure and institutions mirrored the Soviet political experience and this compatibility set the conditions for North Korea’s external integration into the Soviet political economy.

The North Korean Workers Party merged with the South Korean Worker’s Party to become the Korean Worker’s Party on 30 June 1949. Kim Il Sung was elected chairman of the KWP, with Pak Hŏn-yŏng as vice chairman. The Political Committee of the KWP represented both halves of the country. The merger signalled the beginning of Kim’s personal hegemony in the North Korean leadership. However, after the merger and the influx of soldiers from...

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103 North Korean members in the Supreme People’s Committee were 70 of 212, giving the South proportionate presentation and claiming representation of the two halves of the Korean peninsula.

104 The third session of the North Korean People’s Assembly selected Provisional Constitutional Commission headed by Kim Tu-bong in November 1947. The draft was approved by the Soviet Politburo at a meeting on 24 April 1948 with some revisions. Stalin insisted on chopping the word “provisional” from the name. The meeting approved the plan to hold separate elections in the North and to establish a North Korean government based in Pyongyang, but with claim over all Korea (according to the Constitution the capital of the DPRK was Seoul and this stipulation remained until 1972…). The Constitution was approved by Special Session of People’s Assembly on 28 April 1948

105 The Political Committee consisted of 5 North Korean members and 4 from the South.

106 Yi Chong-sŏk, 208, 212
China in 1949, which strengthened the Yan’an faction, the army-party relationship became more complicated.\footnote{Sŏ Tong-man, 275}

The Korean War

The failed military solution

The Korean War is well documented. Here we will take into account some of the domestic developments during the war. Soviet troops left North Korea in 1948 and American troops left South Korea in 1949. The formation of two Korean governments made the 38th parallel the state border, though neither side recognized that fact. More importantly, to some degree the North and the South represented the Left and the Right in state form. The social revolution in North Korea uprooted the landowners and propelled the poor and propertyless groups into a political force. The colonial order was turned on its head and “the last became first.” The Left was suppressed in the South and the colonial order, including bureaucracy and police, remained almost intact. The landowners and small industrial owners (the Koreans were usually excluded from larger industrial ownership during the colonial period) from the North, who were often branded collaborators, sought refuge in the South. At the same time, some South Korean leftists found safe haven in the North.

The 38th parallel increasingly looked like a front line between the Left and the Right in an ongoing civil conflict. But this conflict took the form of a war between two states, which had been formed and consolidated for five years since the Liberation. The civil conflict in the South lingered after the creation of ROK in 1948. The uprising by leftists and rebel soldiers on Cheju Island between the spring of 1948 and the spring of 1949 was brutally suppressed by ROK forces.
with the aid of USAMGIK, costing thousands of lives.\textsuperscript{108} It must have further prompted the North Korean leadership to prepare for an armed showdown with the ROK and achieve unification.

The incipient cold war widened the conflict on the Korean peninsula, which was becoming less and less internal and more and more international. On June 25 the KPA crossed the border between the DPRK (recognized by the USSR, the PRC and East European countries) and the ROK (recognized by the US and its allies), with a full offensive force of a separate state with a goal of destroying a rival state and unifying the country under communist auspices. The offensive came on the wave of regional socialist expansion after Mao’s victory in China. Hence the unification of Korea was seen as an extension of the socialization to the south. The Communist victory in China undoubtedly provided impetus for North Korean communists to undertake forced unification and integrate the South into the socialist system. The momentum of the revolution in China also prompted the Chinese communists (Mao in particular) to support their North Korean comrades, many of whom fought side by side with the Chinese in the PLA. The Chinese revolution was in many respects a unification process for China (barring Taiwan\textsuperscript{109}) after decades of disintegration, warlordism, and Japanese invasion.\textsuperscript{110} The North Koreans could not fail to see the Chinese unification through the prism of communist revolution.

Both the North and the South saw the military option as a viable unification solution.

\textsuperscript{108} For more details for the civil conflict in the South, see John Merrill, \textit{Korea: The Peninsular Origins of the War}, University of Delaware Press, 1989
\textsuperscript{109} The Communist invasion of the island was imminent in 1950 before North Korea attacked the South which provoked American military intervention and eventual abortion of communist China mainland’s take-over of Taiwan.
The North was quick to build a formidable military force with a core of thousands of experienced Korean fighters returning from China. The international atmosphere helped mislead Kim Il Sung to believe that the US would not intervene. The Soviet Union tested successfully a nuclear bomb in 1949 and the US was determined to contain the Soviet Union by maintaining superior military power (reflected in NSC-68). For reasons still debated, the US secretary of state Dean Acheson excluded Korea from the American defence perimeter in Asia in his National Press Club speech in January 1950. MacArthur also made a speech in which he excluded Korea from American defence strategy, which points to apparent American policy at the time.

The North Korean leadership saw an opportunity for military unification stemming from domestic and international circumstances. The North managed to master a superior military force; the occupation forces were out of Korea; the Soviet Union and China gave their approval, and the United States did not seem to have a firm security commitment on the Korean peninsula. The North Korean leadership came to believe that the war would be won in a matter of weeks, not least because they expected the South to rebel against its government if the Korean People’s Army advanced south of the 38th parallel. Pak Hŏn-yŏng claimed that the North could count on 200,000 party members in the South for an uprising. The plan for the attack was drafted in coordination with the North Korean leadership and the Soviet Union through its embassy in Pyongyang. But according to an account of Yu ūng –ch’ŏl, a former head of operations in the General Staff of the KPA, North Korean generals started to draft war plans against the South in 1947.

In general, the ideology of socialist revolution had an expansive character in its earlier stages, because one of the premises of the revolutionary ideology was the “inevitability” of

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111 Yi Chong-sŏk, 1995, 250
112 Lankov, 2001, 41
socialist/communist victory in the world.\textsuperscript{113} In North Korea’s context it also meant the inevitability of Korea unification through socialist revolution. In this regard, the North’s unification drive and eventual plan can be seen as part of the socialist revolution in the second half of the 1940s. But there were also important circumstances such as Syngman Rhee’s belligerent stance, which fuelled more anxiety and resolve in the North.

The Soviet ambassador in Pyongyang, Terentii Shtykov, was convinced in 1949 that the South would attack by the summer of 1950 and advised preparation of preventive attack against the South. Also, in 1949, when American forces left South Korea, the North Koreans claimed 1,863 cases of military provocations by ROK across the 38th parallel.\textsuperscript{114} It is interesting that the leaders of the DPRK had some nuanced differences in the approach to the war. Kim Il Sung and Pak Hŏn-ŭng, for example, supported more aggressive action, while Kim Tu-bong and Ch’oe Yong-gŏn advised caution. This does not indicate a split on the brink of the war, however.\textsuperscript{115}

The anticipated uprising in the South did not happen, but the blitzkrieg was not very far from succeeding.\textsuperscript{116} The American forces intervened with one infantry division which was rushed from Japan, but together with ROK forces they were driven to a small perimeter around Pusan by September. Then came the surprise landing of General Douglas MacArthur at Inch’ŏn, which cut off the stretched KPA into two and threw it into disorderly retreat. The coalition’s counteroffensive and the approach to the Korean-Chinese border prompted the entrance of the

\begin{footnotesize}
\begin{enumerate}
\item The Bolshevism was simultaneously socialist transformation of society but also restoration of the Russian empire through conquest and sovietization.
\item No documents on military funding and other issues related to the war were left by the Supreme People’s Assembly or the CC of the KWP; everything was discussed informally.
\item Sŏ Tong-man, 385
\item The KPA attacked the South on June 25 1950 with a force of 135,000 soldiers and 242 tanks (of which 150 were Soviet built T-34s). At that time the South Korean Army numbered 65,000 soldiers. The UN Security Council passed a resolution condemning the North Korean invasion and asking member countries to aid South Korea militarily. Ironically, this was possible because of the temporary Soviet absence in protest of ROC (Taiwan) representation of China in the council.
\end{enumerate}
\end{footnotesize}
People’s Volunteer Army from China into the war in October 1950. China felt threatened by the advancing UN troops. The decision to enter the war was difficult, but as Mao told Zhou Enlai, who was in Moscow to negotiate with the less committal Soviet leadership, “the price of participation is high but the cost of not participating would be very big.”

The Soviet military and material support was vital for the Chinese decision to enter the war, but it should be noted that the Chinese leadership decided already in September that if the KPA retreated China could not avoid dispatching troops. As soon as the UN troops crossed the 38th parallel the involvement of China became unavoidable. On October 5, 1950, the CCP Politburo decided to deploy troops on October 15. The Chinese participation in the war was an extension of the Chinese revolution.

The combined Chinese and North Korean forces took Seoul in January 1950 and then were driven back to the 38th parallel, which remained roughly the front line for the rest of the war. After two years of negotiations, the armistice agreement was signed on July 27 by the UN command representing the South and by the North Korean side. Syngman Rhee’s government

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117 Stalin told Zhou Enlai in Moscow that mobilization of Soviet air cover would take two to two and a half months. After receiving report from the meeting Oct 12, Mao suspended the order of October 8 for movement of the 13 divisions of and called Gang, the governor of the North Eastern region and Peng Duhuai to Beijing (from Simyang) and told them not to implement the order for movement of 9 additional divisions for the time being. Stalin thought that the Chinese did not have enough time to deploy troops to North Korea, given the speed of the north-ward advancement of the UN forces and urged Kim Il Sung through the Soviet ambassador in Pyongyang to prepare evacuation of the North Korean government to China or the USSR. Stalin was almost ready to abandon North Korea. On the other hand, Peng Duhuai opposed Chinese involvement in the Korean War without Soviet air cover and Mao acknowledged that it would be difficult without Soviet air support. Stalin promised to protect China (air cover for big Chinese cities in case of military actions in China) and huge military supplies; thus Mao convinced Peng. Zho Enlai returned from Moscow on October 18 and reported at the CC of the CCP; and it was decided to cross Yalu river on October 19 with 13 divisions. The deployment of 260,000 troops was completed over 10 days by October 28. Despite the ambiguous attitude by Stalin on the issue of air cover, the Chinese felt that they should not miss time for sending troops if the UN forces were to occupy the Korean peninsula, so they did not hang on the Soviet promise for air support. See Yi Chong-sŏk. Pukhan-Chungguk kwan'gye, 1945-2000 (North Korean-Chinese Relations, 1945-2000). Seoul: Chungsim, 2001, 151-157

118 The Chinese viewed the reversal of the war with probability. As early as August 1950, the Chinese 4th filed army was assembled – 13 divisions with 255,000 troops. Ibid., 130, 134, 141-142

119 A view articulated by Haruki Wada, cited in Yi Chong-sŏk, 2001, 159
declined to sign the agreement. The Demilitarized Zone in the general vicinity of the 38th parallel remains the border between the DPRK and the ROK to date. The war left nearly 3 million casualties in Korea, hundreds of thousands of divided families and destruction of all major cities, industries and civilian infrastructure. The military unification solution proved a horrific failure.

**Wartime North Korea**

The wartime military command included key members of the cabinet and the KWP.\(^{120}\) The most critical moment for Kim’s leadership came in October 1950 during the US-led counteroffensive, which brought North Korea on the brink of collapse. However, the consolidation of Kim Il Sung’s power and the guerrilla faction continued during the war. After November 1951 the party role decreased, while the politburo and the army command roles became more central.\(^{121}\) The party strengthened in the KPA, but usually the military command had an upper hand over the political organization in the army.\(^{122}\) The Chinese role was decisive in military operations after the entry of the CVA into the war, which was officially sanctioned by Stalin.\(^{123}\)

After the war the power sharing between the guerrilla and domestic factions came to an end. Mu chŏng, Hŏ Ka-i, and Pak Hŏn-yŏng – leading representatives of the Yan’an, Soviet and domestic factions respectively were eliminated by 1953. General Mun Ch'ŏn (Yan’an) was dismissed from the army due to the disorderly withdrawal of the KPA after MacArthur led the UN landing in Inch’ŏn in 1950. Pak Il-u (Interior minister) from the Yan’an faction was demoted.

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\(^{120}\) Kim Il Sung was chairman of the military command, which included Pak Hŏn-yŏng (foreign minister), deputy prime minister Hŏng Myŏng-hŭi, front battle commander – Kim Ch’aek, national defense corps commander – Ch’oe Yong-gŏn, Interior Minister Pak Il-u, National planning chairman Chŏng Ch’ung-taek. See Sŏ Tong-man, 379-380

\(^{121}\) Ibid., 381

\(^{122}\) Ibid., 407, 421

\(^{123}\) In a telegram in December 1950 Stalin urged for Chinese army command’s leading role in the KPA. Ibid., 413
Hŏ Ka-i (party secretary) from the Soviet faction was blamed for the party problems – fast expansion at the expense of political loyalty before the war.\(^{124}\) His suicide was announced in July 1953, but some believe that he was assassinated on Kim’s order.\(^{125}\) It is interesting that the Soviet faction did not enhance its position at a time when the DPRK depended on the USSR for war supplies and political support. It seems that Moscow did not rely much on the Soviet faction for articulating its policies in North Korea during the occupation and the war. Otherwise, the Soviets would have not chosen Kim Il Sung as their point man in Pyongyang in the first weeks of the occupation. We should not underestimate the role of Soviet-educated Koreans in articulating Soviet ideas for party and state building in North Korea, but this influence did not evolve into a formal channel of Soviet policy. Nam Il, for instance, could be considered bridge between the Soviets and North Korean leadership, but he was Kim Il Sung’s loyalist as well. Also, Kim and his guerrilla comrades were pro-Soviet at that time, although they were not nominally part of the Soviet faction. During the purges, Kim’s group faulted Pak ḍŏn-yŏng for his assertions of imminent uprising in the south before the war (one of the arguments to convince Stalin to support North’s offensive as well as one of the reasons for Kim’s decision to start the attack) and was sentenced to death in 1953 and executed more than two years later.\(^{126}\)

The party position strengthened during the war. There was a new expansion drive at the

\(^{124}\) Of 600,000 party members 450,000 received disciplinary punishment after the cease-fire in 1951 for not resisting or collaborating with ROK and UN forces. 40 percent were excluded from the KWP in 1951-1952. Hŏ K’ai’s downfall was implemented with Stalin’s consent, according to So Tong-man. Ibid., 392, 397

\(^{125}\) Yi Chong-sŏk, 1995, 247;

\(^{126}\) Yi Chong-sŏk, 1995, 252

Lankov reckons that Kim Il Sung might have feared a plot or movement against him led by Hŏ. As the most influential Soviet Korean Hŏ was perceived as main instrument of the Soviet control in North Korea. And finally, Kim knew of Hŏ’s intention to return to the Soviet Union where he would be out of reach and do “damage” by his criticism. Lankov, 2001, 150-153
Fourth CC Plenum of the KWP in December 1951.\textsuperscript{127} The army increased three times in size during the war. Kim Il Sung recovered and consolidated his position after the crisis at the end of 1950. The CC of the KWP officially celebrated his 40\textsuperscript{th} birthday on April 15, 1952. Kim became marshal in December 1952 and “supreme marshal of the republic” in February 1953.\textsuperscript{128} The propaganda intensified and the number of “propaganda rooms” increased. The leadership relied on mass campaigns – anti-waste and anti-revisionist movements were launched in 1951, resembling Mao’s “3.5 antis” campaign. The government granted new citizenship to all citizens above eighteen years old and conducted a population survey in May 1952 to discern spies and identify those who fled to the South.\textsuperscript{129} \textit{Chuch’e} was first mentioned in 1955, but its foundation was laid out in the war period.\textsuperscript{130} The North Koreans were striving for independence and unified country but the course of the war enhanced their sense of vulnerability. The dependency of the DPRK on the Soviet Union and China was more acute during the war and at times must have frustrated the North Korean leadership. (We will discuss this dependency in more details in the next chapter.)

\textbf{Summary}

From the Kremlin’s perspective, a friendly regime in North Korea was tantamount to communization. The American and Soviet sides settled for the second best option – control of one half of the country. This settlement, however, further drove the Korean peninsula to the brink of military confrontation after the withdrawal of the occupation forces by 1949.

The North Korean authorities became increasingly assertive to an extent that they took

\textsuperscript{127} The party recruited 140,000 new members during the war.
Sŏ Tong-man, 423
\textsuperscript{128} Ibid., 433, 435
\textsuperscript{129} Ibid., 472, 474, 479
\textsuperscript{130} Ibid., 485, 493
major policy initiatives on their own. The most important example was the decision to unite Korea by force. The North’s offensive against the South still required Stalin’s and Mao’s consent, but the driving force behind it from the start was the North Korean leadership. Although the war almost annihilated North Korea and put it in a more dependent position vis-à-vis the USSR and the PRC and East European countries, it was also the beginning of a more independent and assertive policy course for Pyongyang. One may argue even that the increased DPRK’s dependency on fraternal countries accelerated the “nationalization” of North Korean politics in the postwar period.

Sŏ Tong-man argues that despite the social changes in the North in the second half of the 1940s, we cannot call the political structure in the newly-established DPRK a “state socialist system.” Instead, the “state-party system” was formed on the top of society as a governing system. The reasoning behind this argument is that the state-party system did not penetrate the farms and villages. The ward administrations delegated self-rule to villages in the 1940s. The transition to socialism in North Korea started during the Korean War.131 This is a valid point, given the limited level of control of the government and the party over society. The farm collectivization began during the war, but it was not until the second half of the 1950s when socialist transformation of farming was completed. Furthermore, North Korea was largely an agricultural society and the majority of the population (75 percent) lived in villages.

However, land redistribution in 1946 gave arbitrary powers to the PCs with regard to deciding who was eligible for land and guaranteeing property rights. These arbitrary powers amounted to nationalization of the land and they would help the authorities extract more revenues from the land and prepare the ground for collectivization. The redistribution of land made landless and poor peasants a significant group supportive of the NKWP. They played an

131 Ibid., 374-375, 493
important role in the local PC elections in November 1946, which asserted the NKWP’s leading role in society. It was not by chance that the share of the communists in the village PCs after the November elections was the largest of the various administration units, amounting to 60 percent overall. The village PCs may have been autonomous and the party-state structure may have not penetrated all levels of governance, but the communist influence and guidance was considerable, even though more informal, at the early stage of North Korean state formation.

We have to view the socialist building as political transformation toward one-party rule, economic restructuring toward a state-owned and controlled economy, and social reformation. Therefore socialist building is a multifaceted and multiphase process. The fledgling party-state structure was the founding bloc in this process and it was put in place during the occupation. The communists first consolidated their power in urban centres and then spread to the countryside. In this respect, North Korean socialist state-building was similar to the Soviet model, in which the Bolsheviks asserted their control in the cities and from there penetrated the rural areas. In China it was the reverse: the rural areas were the main bases of Mao’s forces, from which they conquered the cities. We can conclude that the state-party structure was in place in North Korea by 1948, but socialist building processes would take longer to emerge in the 1950s.

The central administration of North Korea started to take shape from the first weeks of the Soviet Occupation. The Soviet army recognized the regional People’s Committees, which popped up after Korea’s Liberation. The first steps in forming the central authority were taken in August-November 1945, when the People’s Committee of the Five Northern Provinces and the ten departments – part of the Soviet Civil Administration – were set up. They were subordinated to the Soviet Military Headquarters in Pyongyang. The Provisional People’s Committee was established in February 1946 and it matched the structure of SCA with ten departments plus three
bureaus. After the establishment of the DPRK on 9 September 1948 the Supreme People’s Committee and the Cabinet represented the highest central authorities. In the meantime, the Korean People’s Army was established on 8 February 1948.

The watershed in state and system formation was 1946, when the PPC was set up and the NKCP started to assume control of key administration positions. It also had a considerable role in the establishment and the functioning of mass organizations, which became the social infrastructure for changes along Marxist-Leninist lines. The PPC launched an economic and social revolution in 1946 through land reform and nationalization of industries, education reform, and other social reforms, such as improving labour conditions and women’s equality. In this process Kim Il Sung asserted his central position, although it was not without challenges. The international system took a turn in 1947 toward hardening the positions of the USSR and the US, which accelerated the separate state building in the two halves of the Korean peninsula. However, the main elements of the political infrastructure for creating a friendly state for Moscow in North Korea were laid out in 1946. Stalin did not have a blueprint for constructing socialism in the North, but the Soviet experience and institutions enhanced the evolution of a political process and institutions which were compatible with the Soviet Union.

The formation of the DPRK was realized under occupation and the SCA and the Soviet Military Headquarters played a major role. But it was not a one-sided imposition of a Soviet style system on occupied North Korea. The relationship between the Soviet command and the North Korean communists was more like one between teachers and students who shared common beliefs, worldview, and goals. Kim Il Sung and his guerrilla comrades received military and political training in the Soviet Union and looked up to the first socialist country in the world for ideas and inspiration. The Marxist class struggle, the Leninist party building and theory of
imperialism and the Stalinist top-down control were building blocs in North Korean communist ideology. Maoist practice also started to have an impact on North Korean leadership in the area of mass mobilization.

The People’s Liberation Army’s victory in China’s civil war had a huge impact on the developments on the Korean peninsula. Complemented with the Soviet acquisition of the atomic bomb, the Communist victory in China in 1949 generated revolutionary momentum, which enhanced the sense of inevitability of communist triumph both in Korea and Asia. This momentum prompted Kim Il Sung accelerating the preparation of military unification of Korea. The changed strategic situation in East Asia helped Kim convince Stalin to support the attack on the South. Mao also came on board after Stalin agreed and it seemed that a new powerful alliance of the Left forces was in the making. It was going to be tested during the war, in which the Soviets were cautious not to cross a line in direct showdown with the US, while China risked much more by entering directly in the war and facing the US-led UN forces in Korea. It was a measurement of the importance of DPRK to the security of its two giant socialist neighbours.

The Soviet army was an essential element in securing the domination of the left in the North, similar to the role of the American army in the south in pushing the right into power. The difference was in the process. The Soviet occupation had fewer obstacles than the American forces to propel favourable forces to power. This situation was a disguised blessing for the Soviet military, because it had limited resources at its disposal. The post-colonial conditions in Korea and the world created a broader appeal and social base for the left. In this milieu, Kim Il Sung and the guerrilla faction managed to secure a central role in both party and state building, because of their credentials as independent fighters and the political support by the Soviet Civil Administration in North Korea.
The policy of “people’s democracy” marked the initial stage of Soviet occupation of North Korea, reflecting Moscow’s policy in Eastern Germany. This policy was a way to widen the social base of local political forces which were friendly to the Soviet Union and, at the same time, not to alienate the West in the postwar international order. However, the concept of “people’s democracy” was incompatible with communist ideology. National liberation was based on a broad social movement and was in tune with the united front strategy promoted by Moscow. But like the occupation of Eastern Germany the Soviet occupation of North Korea became a format for shaping local politics through the domination of a communist party. This was accompanied by reforms and institution building which laid the ground for socialist construction in the occupied zone. The foundation of the political system was laid in the years of the Soviet occupation. The formation of the system was aided by the revolutionary post-colonial conditions in North Korea and the Soviet occupation. The Soviet occupation provided crucial military and political support to the North Korean authorities who emulated the Soviet model for government and socialist construction, although it was implemented within the framework of “people’s democracy” theory. The united front strategy in Eastern Europe and North Korea proved a launching pad for the communist take over, while securing broader social support for socialist transformation of society. The united front strategy was also directed at the CCP in 1945, so it was a common Soviet policy in Europe and Asia.

Lankov insists that “it is totally possible for a revolution to have local support and at the same time to be totally under foreign control.” His interpretation seemed to resolve the dispute between indigenous and exogenous views of the North Korean revolution and the creation of the DPRK, although he calls North Korea a “Soviet puppet state” in the 1940s (even more so than
other Soviet-controlled countries). But the regime of occupied territory was bound to give birth to a dependent political and economic entity. Germany was a defeated, devastated and divided country after the war, but it had the traditions of nation state and industry which were to be reinstated with the help of the West and the Soviet Union in the two occupation zones. Korea was yet to build an independent state and economy, although Japanese colonial rule nurtured an early rudimentary form of state bureaucracy and economic modernization. The North Korean Communists who became major agents of Soviet occupation policies did not have a choice but to emulate Stalinism.

The formation of the DPRK was a combination of local revolution and external political framework, which served as an incubator for the revolution to unfold. The consensus of the left was both indigenous and forced. It would become increasingly managed and bureaucratized with the state-party system, in which any dissent would be severely punished. Patriotism was associated with unlimited loyalty to the authorities. At the same time, the dependency of the DPRK on the USSR and the PRC during the war set the stage for a more assertive and independent policy, which took shape by the end of the 1950s. With all its willingness to follow the Soviet Union and later China in its socialist construction process, the North Korean regime showed a distinctive nationalist bent as the guerrilla faction came to dominate North Korea’s power structure. The North Korean regime made a fateful attempt to unify the country by force, and although its decision to attack the South had to be coordinated and approved by Moscow and Beijing, Pyongyang’s government was the driving force behind the decision-making process. Such relations with the Soviet and Chinese patrons could hardly fit the definition of “puppet state” despite its dependency. Furthermore, during the course of the war Kim Il Sung showed

132 Lankov, 2002, ix, xi
“disobedience” to the Chinese command and later he demoted Pak Il-u, “Mao’s man in North Korea.” It was time for the students to graduate and be disobedient and independent from their teachers and masters. The DPRK had its own agenda (as “normal states” have) and as time passed the regime became increasingly willing to make its voice heard by the socialist brethrens. But North Korea’s links with the Soviet Union and China evolved as they became complicated and unpredictable at times.

There was another consensus during the occupation years: between the Soviet military and the North Korean leadership. A mix of local factors and the political framework of the Soviet occupation served as “incubator” and catalyst for the socialist revolution in the North. The North Korean authorities were dependent on the Soviet political and economic support in its formative years. But the decisions were not imposed on North Korea from Moscow. Both Soviet and Korean sides seemed to have had a basic agreement on the direction of the North Korean development, that is socialization. The socialist revolution in North Korea can be defined as “framed political consensus” which combined the external framework of occupation and internal process of radical reformation. The socialization reflected Soviet internal experience and strategic interests and also post-colonial conditions on the ground. The socialist building in North Korea in the 1940s laid the foundation for the internal integration of the country into the socialist system. The internal integration was compatibility (commonality) between North Korean political and economic structure and the Soviet system. It was a prerequisite for North Korea’s external integration which is a subject of next chapter’s discussion.

The DPRK became part of the socialist family with all its peculiarities. North Korea needed the Soviet Union and China for its foundation and development and the Soviet Union and China needed North Korea for security and for strategic reasons. Moscow wanted to secure
friendly states on its borders to break the sense of encirclement by the US and other Western powers. Having North Korea as an ally would also prevent a possible attack by a revived Japan in the future. For China, North Korea was a key (little) brother state in saving the revolution. The involvement in the Korean War showed how vital the DPRK was for the PRC’s security. In other words, we can observe the initial phase of the creation of international socialist system in the end of the 1940s and in the early 1950s.
CHAPTER THREE

North Korea’s Economic Policy and Integration

The North Korean economy went through an abrupt transition and radical reorientation in a span of less than five years from 1945 to 1949. The collapse of the Japanese colonial empire led to Korea’s liberation, division, and economic dislocation. The peninsula’s economic difficulties after 1945 were a measure of Korea’s integration into the colonial empire. The termination of economic links to Japan was compounded by the Soviet army’s pillaging and confiscations in the first months of the occupation. The economic difficulties in northern Korea after 1945 should not conceal the industrial and technical legacies from colonial economy which served as a foundation for North Korea’s industrialization. That is why we will start the narrative of economic development in the post-1945 period with a description of colonial legacies.

The Soviets started to help North Korea reconstruct its economy, and also launched a series of actions which led to a process of integrating North Korea into the Soviet system. Unlike Korea’s forced integration into the Japanese empire, North Korea’s integration into socialist system was more consensual, despite the occupation conditions and the limited choices left to the North Korean authorities. The occupiers and the occupied reached an understanding on the basic course of development because they communicated through similar ideological and political “language” of socialist building. The political structure, which allowed for the domination of communists in the administration, was the prerequisite for North Korea’s radical economic and social revolution. The economic reforms, including land reform and nationalization of industries, converted the North Korean economy from a colonial to a socialist economic structure, thus laying the ground for the new regime’s internal and external integration
into the socialist economic system. By the end of the 1940s North Korea matched the level of East European states’ trade with the Soviet Union.

The North Korean economy was devastated for a second time during the Korean War. The destruction enhanced economic cooperation between North Korea and socialist countries in the form of fraternal aid to the war-ravaged country. The wartime aid deepened North Korea’s integration in the socialist world, but also exposed vulnerabilities. The tension between the need for economic cooperation and assistance and the political consequences of dependency shaped North Korea’s relations with socialist countries. During the Korean War its needs were too overwhelming to present a policy dilemma to the North Korean regime. However, the country’s economic weakness increased North Korea’s national sensitivities to forms of perceived dependency on the socialist world.

The North Korean economy

Colonial legacy and reconstruction

In the late 1940s and 1950s, North Korean society was largely agricultural: as of 1946, farmers comprised 74.1 percent of the population, while workers represented only 12.5 percent of the population (6.2 percent in administration and services, and 0.2 percent individual merchants and small owners). During the colonial era, most of the heavy and chemical industry was concentrated in the North. Japanese invested in hydropower plants and the chemical industry using the water and mineral resources of northern Korea. As a result of the

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133 Yi Dae-uk, “Society and Economy in North Korea and the Soviet Military Administration” in Han Hŏng-su, ed., Han’guksa chaeinsik I (Rethinking of the Korean History I: Post-Liberation Political Situation and the US and Soviet Military Governments), Seoul: Orŭm, 1998, 251

American bombardment of the main Japanese islands, toward the end of the Second World War, Korea produced more electric energy than Japan. Japanese investments in Korea increased after 1929. Japan’s expansion into Manchuria in 1931 and the war with China in 1937 made northern Korea a vital supply base for the Japanese army and settlers in Northeast Asia. The share of industries in the Korean economy rose from 20.7 percent in 1930 to 49.5 percent in 1943. It was a mixed blessing, however, because Korea’s share in the authorized capital was minimal: it was a mere 6 percent in 1940. Also, the 1,900 Korean engineers working in the colonial economy constituted only 19 percent of the total (10,000) number of engineers in colonial Korea. Japan’s control over Korean mines and minerals increased after 1937.  

In 1940, the Korean industry had the following break-down: chemical industry – 37.3 percent, food – 19 percent, textile – 12.4 percent, machine building and instruments – 4.1 percent, gas and electric industry – 1.9 percent, pottery – 3.3 percent, metal production – 6.9 percent, construction and wood processing 1.9 percent, paper (and publishing) 1 percent, others 12.2 percent. There were signs of robust economic growth in the 1930s and early 1940s. Railway lines in colonial Korea reached 5,700 km in 1940 (in North Korea, the lines were 3,929.7 km long as of 1945). The food industry increased more than 2.5 times from 1932 to 1943.  

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This was the case particularly in strategically important minerals. For instance, the shares of Korean and Japanese capital in the production of gold changed as follows: in 1937, the ratio was 25 (Korean)/65 (Japanese), in 1941 – 20/80, and in 1944 – 10/90.

PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 1, 53

The power plants were among the most valuable assets in the north. In 1940, colonial Korea’s power output was 3.84 billion kWh and in 1945 was estimated at nearly 5 billion kWh. Coal mining was another developed sector during the colonial era. The mines were concentrated in the North, where there were nearly 200 coal mines. In 1941, coal output reached 6 million tons and in 1944 – 8 million.
Industrial production during the colonial era was concentrated in the North. The output of colonial Korean industries in 1937 was estimated at 959.3 million yen and the share of the industries in the northern part of the Korean peninsula accounted for 494.3 million yen or 51.6 percent of the colony’s total. Given the larger population in the southern part, the industrial output per capita would be approximately in ratio 2:1 in favour of the North. Chemical industry, metals, power production, and cement production was mostly concentrated in the north, while food processing, textile, machines, and printing industry were more developed in the south.139

The Korean economy was in tatters after August 15, 1945. Most of the 1,034 enterprises in the five northern provinces of Korea were dysfunctional; in fact, only 30 percent of plants were operational. In many cases the retreating Japanese dismantled the factory equipment. Of the 21 power plants, 19 were destroyed or damaged; 64 mines were submerged; 178 mines and 47 plants were completely destroyed (among them were big enterprises, such as Hŭngnam factory, the steel plants in Sŏnjin, Ch’ŏngjin, and Hwanghae, the Pyongyang chemical factory, etc.)140 The railway network was completely paralyzed. There was an acute need for engineers

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138 PA MfAA, A10246, Report from the embassy of the GDR in the DPRK, Economic development and trade of North Korea until 1956, Pyongyang, December 13, 1956, 86; PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, 6-8
139 The distribution of industrial production Korea in 1937 was as follows: chemical industry: North – 260.5 million yen, South – 44.4 million; food industry: North – 85.1 million, South – 152.9 million; textile (fabric): North – 19.1 million, South – 122.1 million; metals: 42.3 million, South – 8.3 million; gas and electricity: North – 33.8 million, South – 6.3 million; cement and pottery: North – 15.6 million, South – 9.5 million; machines: North – 4.9 million, South – 11.7 million; book printing: North – 1.7 million, South – 14.6 million; timber: North – 3.8 million, South – 7.9 million; other industries: North – 27.5 million, South – 87.1 million.
140 As of August 1945, the five north Korean provinces had the following mines and factories, total 1,034: 196 coal mines and 178 other mines, 19 iron and steel mills, 11 nonferrous metal facilitates, 108 machine building operations, 12 chemical plants and 77 chemical facilities, 346 light industry factories, 66 construction enterprises, 21 hydro-electrical plants.


See Kim Kwang-un, 70

Soviet source points to 1,015 enterprises (of the 1,034) destroyed by the retreating Japanese, virtually all of them,
and managers everywhere.

The initial interest of the Soviet occupation in Korea was to secure war reparations, even though Korea was not a foe of the Soviet Union in the war. Since the Japanese owned most of the Korean industries during the colonial period, Soviet authorities reckoned that they were taking reparations from Japan. The net result, however, was that they deprived the North Korean economy of valuable assets. The Soviet commander in Korea, General Terentii Shtykov, reported (from November 1945 to May 1946) that the occupation authorities took war booty worth 20.05 million yen and confiscated additional materials valued at 1.41 million yen. Another way to extract resources from North Korea with relatively small investment was through Soviet-Korean joint ventures (shipping and oil, for instance). At the same time, Soviet occupation authorities also rehabilitated 38 plants in the heavy industry sector in 1945 and 1946. For this purpose, they detained and employed 1,200 Japanese engineers until October 1946. There are reports that 500 of them worked in North Korea as late as 1948.

Since the Korean economy was part of the Japanese imperial political economy, the collapse of the economic system dealt a devastating blow to Korea. Trade with Japan in the early 1940s represented 70 percent of Korea’s foreign trade. Moreover, the division of the peninsula hampered the supply of key materials for the North Korean economy, such as oil, for most of the refineries were located in the south. As a result, the northern occupation regime started to import oil, sugar and other goods from the Soviet Union. Cereal production was concentrated in the north, but the “rice basket” was in the south. The massive withdrawal of

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141 General Shtykov listed the following materials taken by the occupation authorities: 1.5 tons of gold, 5 t. of silver, 4,261 t. of copper and lead combine, 20 t. beryllium ore, 178 t. wolfram, 1,550 fluorite, 454 t. graphite ore, 1,338 t. electrolyte lead, and 2.5 t. tantalum ore, among others.
142 Ibid.
143 Sŏ Tong-man, 297
funds from colonial banks by the retreating Japanese caused financial chaos. The division was harmful to the North, particularly in the banking sector, because (as of 1947) it had only 20 percent of the loans in the combined Korean economy – the banking sector was concentrated in the South, most notably Seoul. The deposit accounts in the North totalled 1,660 million won, while in the South they totalled 4,141 million won.\textsuperscript{144}

\textit{Land reform}

The Soviet Civil Administration and the People’s Committees imposed restrictions on economic activities in order to contain the chaotic situation. By 1946 managerial power was transferred to the People’s Committees. The Provisional People’s Committee (the central governing organ) carried out a far-reaching land reform in March 1946. Korean landownership was rather unequal. In North Korea there were 33,217 landowners (only 6,933 of them were engaged in farming). They owned over 50 percent of the arable land and represented 3.4 of the village households. Of the 1,004,000 households, 440,000 were made up of landless peasants, while 260,000 were small landowners. The small farmers produced between 50 and 90 percent of the grain harvest.\textsuperscript{145}

The Soviet Civil Administration laid out a land reform plan in February: land owners with more than 5 chongbo (1 chongbo equals 0.99 ha) were to have their land nationalized, while the land of collaborators would be confiscated. There is no evidence of Soviet intervention in the implementation of the land reform. The Soviet occupation only outlined the ideas, and policy was carried out by the North Korean Provisional Peoples Committee.\textsuperscript{146} The NKPPC confiscated the land above 5 chongbo, as the Soviet plan envisioned, from former Japanese

\begin{footnotesize}
\begin{enumerate}
\item Yi Dae-uk, 262
\item Kim Kwang-un, 281-282
\item Sŏ Tong-man, 333, 247
\end{enumerate}
\end{footnotesize}
owners, collaborators, landowners who rented the land or employed labour, and religious institutions. The land was distributed to labourers, landless farmers and small landowners for free. Debts of poor peasants were cancelled and the farm equipment nationalized. Of the 1,000,328 chongbo of confiscated land, 981,380 chongbo were distributed to 724,522 landless peasants and small owners. The main recipients of land were 90,697 poor peasants. One of the important immediate effects of the land reform was the influx of poor peasants into the KWP. Around 70 percent of farming households benefitted from the land reform.

The redistributed land constituted 45 percent of the cultivated land. Also, the ownership was connected to “the right to cultivate the land” (following the principle “land to the tiller”). Those who did not cultivate the land for up to a year had to “return” the land to the state. Also, the new owners had no right to sell the land. The de facto state ownership of the land laid the ground for the later socialization of the economy. The land reform helped the NKPPC and the Worker’s Party consolidate their power. The authorities widened the revenue base and social support through the land reform. The reform was also a turning point in the work of the newly elected NKPPC, as it ignited a radical reform program in 1946.

The land reform generated positive results. The harvest in 1946 increased by 50 percent.

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147 Ibid., 335
148 The NKPPC also confiscated 1,477 buildings and gave 4,774 cows and horses to poor peasants. 2,692 fruit gardens, 1,165 agricultural facilities, and mountains and forests (3,432,986 chongbo) were nationalized. Kim Kwang-un, 288
149 Soviet source indicates that 720,611 landless peasants and small owners received land. There were 17,137 homeless families and 442,973 landless households before the land reform. IVANSSSR, “Letters of Korean people to the Soviet government in connection with the withdrawal of the Soviet Army from Korea,” (February 16, 1949), 59
150 The communists were 4,530 in December 1945, in April 1946 – 26,000 and in August 1946 – 366,000 (20 percent workers, 50 percent poor peasants, 14 percent public employees). Kim Kwang-un 302
152 Yi Dae-uk, 270
compared to 1945, although the administration could not fulfill its planned purchase of grain by the end of the year. The harvest in 1947 was 346,448 tons of grain, which was an 18 percent increase over the 1946 harvest: 1948 recorded a 29 percent increase over 1947. Due to severe drought, the output for 1949 probably decreased. In June 1946, a 25 percent tax-in-kind was introduced, based on the crop of each farm household. In theory, farmers could sell the remainder (75 percent) of the output on the market, but the actual tax exceeded 50 percent of the harvest because the assessments were based on exaggerated targets by the local PCs. According to Kim Kwang-un, the initial taxes on farm products were around 50 percent, but increased up to 91 percent of the forecasted harvest by the end of 1946.

The increased extraction of farm products was determined by severe food shortages in the years following Liberation. The food shortages were caused partly by the division of Korea (the South had more rice) and partly by the extra burden of supplying the Soviet Army stationed in North Korea. The harvest in 1945 recorded a 20 percent reduction from 1944 which exacerbated the food situation. In the early stages of the occupation the Soviet Army demanded food from the population. American military intelligence estimated that the Soviets extracted between 20 and 40 percent of the rice collected by local People’s Committees. There were

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153 In 1946, the grain harvest reached 1,885,200 sŏk (1 sŏk = 5.12 U.S. bushels or 47.6 gallons) which was 150 percent the level of 1945. See Kim Kwang-un, 290
154 The PPC planned to purchase 150,000 t. of grain (almost half of the output) from the farms between August 1946 and May 1947. Until the end of 1946 the authorities planned 105,000 t., but came up short by 24,991 t. Sŏ Tong-man, 366
155 The authorities did not point to increase of harvest in 1949 compared to 1948, but only compared to 1939. Ibid., 368-371
156 The central administration set guidelines for the annual production targets which were sent to local authorities. A township PC representative was sent to farms to assess anticipated harvest but usually overestimated it in attempt to please the Food Administration Bureau planners in Pyongyang. The farmers had to paid by the end of August (summer harvest) and middle of December (fall harvest) and be the best quality grain. Armstrong, 146-147
157 Kim Kwang-un, 299
reports that the Soviet Army looted warehouses and sold rice (a month supply quantity) to civilians. During their occupation of the north, 1945-1948, the Soviets extracted 10 percent more food than the Japanese had done during the Second World War. At times, the Soviet Army paid for the food by issuing “Red Army notes,” but they were worthless. After the land reform in March 1946 the 15 percent of the land tax was allocated for the Soviets, as part of the food was sent to the Soviet Far East.  

The extraction from agriculture began as early as 1945 by imposing a “3.7” system, in which the farmers retained 30 percent of the output and supplied the rest to the authorities. The land reform started a process of nationalization of food distribution, which indicated the emergence of a class-oriented political economy in the Soviet occupation zone. Therefore, a class-based economic policy is an important characteristic of the emerging system in North Korea. The food rationing system consisted of four levels, and engineers and workers were given priority in the daily food supply. The rationing system became a key element of the North Korean distribution system after the NKPPC introduced it in the spring of 1946. The system was characterized by favoritism toward military. The distribution system was centrally controlled from the start through the Food Administration Bureau, which managed the North Korean Consumers’ Cooperatives; the farmers purchased food at the cooperatives through the bureau’s permission. In addition to the tax-in-kind, other taxes on agriculture included campaigns for “patriotic rice,” government requisitioning, and conscription of peasant labour for

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158 Armstrong, 142-143
159 The food distribution was divided into four levels of daily quotas: 1) 300 g of rice, 400 g. cereals (engineers and heavy duty laborers); 2) 250 g. and 350 g. (rest of the laborers); 3) 200 g. and 300 g. (administration employees; 4) 100 g. and 200 g. (social organizations employees, teachers). Kim Kwang-un, 299-300
public work projects.\textsuperscript{160} One of the main goals of the extraction of resources from agriculture was the industrialization effort which began with the launching of the first One Year Plan in 1947.

\textit{Nationalization of industries}

Nationalization of industries was another important decision of the PPC in August 1946. The largest factories and the mines (owned by former Japanese and national traitors) were nationalized first. The banks and cultural institutions were nationalized next, whereas medium and small size factories and services were last to be nationalized. Ninety percent of North Korea’s industry was nationalized by the end of 1946. In 1947, 83.2 percent of manufacturing output was from state owned factories; 100 percent of mining was state owned. In 1948, the state-controlled sector of the economy reached 87.5 percent.\textsuperscript{161} Such a radical nationalization shifted substantially the economic base of the North, separating it further from the South. The reforms in 1946 in the North, unmatched in the South, made the North Korean economy increasingly autonomous from the South. Nationalization of industry was tantamount to a political division as well. Diverging political and economic structures in the North and the South meant \textit{de facto} separation of the country. As the North Korean economy was organized and structured along socialist lines (in particular emulating the Soviet model), North Korea began its integration into the socialist system. At the same time, this process brought North Korea further away from its southern brethren.

\textsuperscript{160} Armstrong, 141-142, 144
\textsuperscript{161} Sŏ Tong-man, 303

According to Kim Kwang-un, the nationalized industries reached 90 percent of the total by October 1946. The Department of industry was in charge of 80 percent of state control enterprises, while the rest (646 small factories) were managed by the local PCs. Another estimate put the nationalized factories at 74.6 percent by the end of 1946. The banks and cultural institutions were nationalized next, whereas medium and small size factories and services were last on the line. In 1949, 90 percent of the industries were state-owned and 100 percent in 1958.

Kim Kwang-un, 314-315; Yi Dae-uk, 275
The Provisional People’s Committee was instrumental in the daily management of the economy, and the Soviet Civil Administration and the Military HQ provided essential support. The reform of the banking sector is a good example of the Soviet administrative role in North Korea. The NKPPC established the North Korean Central Bank in February 1946 with capital of 100 million won, provided by the SCA. The Central Bank, in turn, authorized the creation of a number of banks in North Korea, such as the Korea Bank, Commercial Bank, and Chohŭng Bank, among others. The NKPPC and the Workers’ Party assumed control of the financial sector in 1946. In this way, the authorities could control industries through the lending policy of the new banks. A monetary reform was carried out in December 1947, exchanging new to old won at a 1:1 ratio. In a second round of reform in February 1948, amounts under 2,000 won were exchanged at a 1:1 rate, while amounts between 3,000 and 5,000 won in a ratio of 2 old won for 1 new won or 50 percent. It is important to note, that while the Korean authorities made these decisions, the Soviet military administration had to approve them. For example, the monetary reform was to be realized at the end of 1946, but it took place a year later due to delays in the approval process.\textsuperscript{162} The monetary reform in the North meant the introduction of a separate currency (with a different denomination) from the South, something which further hindered the interaction between the two economies.\textsuperscript{163} The reform can be also viewed within the overall Soviet course in the Spring of 1946 to create a separate government.

In other words, all major decisions of the Korean authorities needed the Soviet military administration’s “green light.” But Soviet and North Korean authorities were in agreement on basic principles of governance, and this gave the local authorities some degree of autonomy in their actions. Furthermore, North Korean society was ripe for radical reforms. The Japanese had

\textsuperscript{162} Yi Dae-uk, 280

\textsuperscript{163} Lankov, 2002, 33
owned a large part of the economy and the land, so that the land reform and the nationalization of industries were seen as genuine liberation from colonial rule. The fact that the Korean land reform was swifter than the one in Eastern Europe is indicative of the favourable conditions in Korea for radical change. Confiscating land, properties, and industrial assets of the Japanese and their Korean collaborators were popular measures. The poverty and the revolutionary movement enhanced the socialization of society.

At the same time, the fledgling North Korean authorities gradually took more control over economic governance. This process began with the transfer of industrial assets from Soviet to North Korean management. The Soviet command in North Korea issued the order to transfer industrial assets to the NKPPC on October 30, 1946. The total value of the assets confiscated from Japanese state was 4.4 billion yen.\textsuperscript{164} In October 1947, the Soviet command transferred to the NKPPC other assets ("left" by the repatriated Japanese), including infrastructure and housing, totalling 1.072 billion yen.\textsuperscript{165} This transfer of the occupied zone’s material infrastructure to the North Korean authorities supports the argument of their relative autonomy in governing the economy.

Economic planning and development in North Korea followed a Soviet pattern, but the

\textsuperscript{164} The value of 4.431 billion yen was distributed as follows: 81 heavy industry enterprises – 1.382 billion; 196 mines – 313.851 million yen; 47 coal shafts – 225.669 million; 23 briquette factories – 13.629 million; 407 enterprises of light and food industries – 373.636 million; 77 enterprises of wood processing – 36.197 million; 73 enterprises of fish industries – 67.254 million; railway lines (3,929.7 km) with equipment (922 locomotives and cranes, 15,926 wagons, 6 repair plants) and buildings, river and sea transport (735 boats), auto transport (768 trucks) – 1.118 billion; 19 hydro power plants (1.3 billion kW) including power transmission infrastructure (1,783.5 km for over 66 kV and 8,399 km between 3 kV and 66 kV) – 717.9 million; telephone and telegraph stations with connection lines – 179 million; Central North Korean Bank and 58 Seoul banks.

\textsuperscript{165} The value of 1.072 billion yen was distributed as follows: 33,247 houses and hotels – 273,894 yen; 21,829 commercial and civil buildings, schools, and hospitals – 370,996; water pipes and sewage infrastructure – 107,694; materials and equipment – 168,900; furniture – 27,731; farm stock (23,073) – 31,985; irrigation infrastructure including incomplete facilities – 91,373 yen.

Ibid., 31-32
Japanese colonial economy also had a tendency to favour planning and, along with Soviet advisors, Japanese and Japanese-educated Korean experts influenced the management of industry and economy in these early years of North Korean development.\cite{166} Eleven days after NKPPC’s inauguration on 8 February 1946, it adopted the first One Year Plan called “National Economic Rehabilitation and Development.” The plan was ambitious and called for a 93 percent increase of industrial production, emphasizing sectors like construction, steel, coal, chemicals, power, and transportation. Kim Il Sung claimed in 1948 that the plan laid the foundations for “an independent national economy.”\cite{167} Kim’s claim was an overstatement, since the plan dealt with the main sectors the colonial economy and did not introduce new investment into North Korea. Additionally, post-Liberation development remained dependent on Soviet expertise and help. Nevertheless, it is clear from the start that the North Korean leadership wanted to control the decision-making over the economy and that it was only matter of time before they had a chance to embark on more assertive independent policies which were born in a situation of excessive dependency. The North Koreans drew on the only two possible sources for their understanding of economic development – Japanese militarism and Stalinist socialism, both of which emphasized state planning. The North Korean authorities emulated Soviet techniques of labour mobilization, including “shock work” campaigns which emphasized moral and ideological motivation for better performance. Phenomenon like “Stakhanovism” – a movement of overfulfillment of workers’ plans in the Soviet Union – found immediate resonance in North Korea. In January 1947 a miner named Kim Hoe-il started a “coal mining assault movement,” receiving the personal encouragement of Kim Il Sung. Railway workers in

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\textsuperscript{166} Kim Kwang-jun, a lecturer at Keijo Imperial University became an advisor to the Planning Department in North Korea. Japanese educated Yi Mun-han was head of the Department of Industry at the PPC. Also, a number of Japanese experts were retained as advisors in industries until 1948. Armstrong, 158
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\textsuperscript{167} Ibid., 157-158
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Pyongyang declared an “assault period” between January and March 1947. There was also some continuity to the wartime economy and the wartime mobilization which began in 1938 under the Japanese.\footnote{Armstrong, 140, 162} We can identify the origins of militarization (as an organizational technique to impose discipline) of the North Korean economy and society in the colonial past, but it was greatly enhanced during the formative years of the DPRK under the Soviet occupation and the Korean War.

The One Year Plan in 1947-1948 put emphasis on heavy industry, which occupied 85 percent of investment versus 15 percent for light industry.\footnote{Ibid., 58} The chemical industry was one of the more developed sectors of the North Korean economy, as the production of chemical fertilizers in 1949 reached 260,000 tons.\footnote{AMFABG, Opis 17, delo 39, 647, Report from the Bulgarian embassy in the DPRK, Economic Development of North Korea, Statistics, 1946-1959, ambassador Georgi Bogdanov, Pyongyang, February 7, 1961, 21} The length of the railways in North Korea reached 6,500 km by 1950.\footnote{PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of the DPRK until 1967, Pyongyang, September 2, 1968, 28-29} The power supply is a telling example of the recovery of the North Korean economy in the second half of the 1940s. In 1946, power output was 3.9 billion kWh, while in 1949 it reached 5.9 billion kWh.\footnote{Ibid., 22} The number of rural households with electricity doubled from 1945 to 1948, when they reached one-third of all rural households.\footnote{Ibid., 58} A measurement of recovery would be the number of enterprises which were brought back into production. According to Soviet sources, by the end of 1946 228 enterprises were operational, and by 1947 840 were working\footnote{Iu.V. Vanin, ed., SSSR i Koreia (the USSR and [North] Korea), Moscow: Nauka, 1988, 159} (out of 1015 which were defunct in August 1945), including the Hŭngnam chemical plant, and the metallurgical plants in Songnim, Kangso and Namp’o. By
1949 a large portion of the industrial infrastructure had recovered.  

North Korean economic development in the second half of the 1940s recovered to pre-Second World War levels. In 1946 North Korean industrial output was 26 percent of the level in 1944, and the percentage rose to 50 percent in 1947. The rebuilding of industries became a priority of the NKPPC. There were indications that in 1949 industrial output reached pre-liberation levels and it was on course to surpass them in 1950, while the industries in the South lagged behind. The industrial production in North Korea quadrupled from 1946 to 1949. The defunct power plants, mines and factories were put back to work, and the recovery can explain the change in the ratio of agricultural to industrial output in the total production in the economy. In 1946, agriculture constituted 72 percent of total production versus 28 for industry. By 1949 the ratio was almost even – 53/47. This trend reflects also the percentage of farmers (small owners) and labourers (including clerks) in the North Korean population – in 1946 farmers were 74.1 percent of the population and in 1949 they were 69.3 percent. The share of labourers increased from 18.7 percent to 26 percent for the same period. By and large, the national income of North Korea doubled from 1946 to 1949. Per capita income also doubled.

We have to be cautious in evaluating the data for the defunct enterprises. The 1015 enterprises which were out of operation (if the number is correct) certainly had different degrees of damages and operational problems, so some of them probably required less efforts to be brought back to work. It is difficult to accept that somehow the Japanese destroyed almost the entire industrial base they had built in North Korea, given the short time they had at their disposal to return to Japan. It is fair to assume that it was mostly operational and supply problem rather than physical destruction.

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177 IVANSSSR, “From letters of Korean people to the Soviet government in connection with the withdrawal of the Soviet Army from Korea,” (February 16, 1949), 59

The official North Korean statistics claimed that the industrial production more than tripled between 1946 and 1949. Construction, textiles, metallurgy, machines, mining, and coal production recorded the highest growth rate. Armstrong, 158
during that period. The living standard also improved as the rationing system brought some quick results in feeding the population. For three years (1946-1948), the arable land increased by 413,000 chongbo; the grain harvest increased by 513,600 tons; the farming stock doubled; 100,000 peasant families obtained new homes. All these signs point to a speedy recovery and growth for North Korea after 1946, economic trends which were facilitated by the Soviet Union.

_Soviet-Korean economic relations_

After the initial extraction of materials from the occupied territory, the Soviet Union started to help reconstruct the North Korean economy. By the end of 1945, the Soviets had provided emergency aid amounting to 5 million yen and dispatched technicians and engineers to North Korea. The Soviet Army Headquarters in Pyongyang issued an order (27 November 1945) to arrange for the participation of Soviet specialists in the rehabilitation of enterprises. The army command decided to “provide daily practical assistance with all necessary supply of food, fuel, transport, and others” in order to restart the operation of the plants with priority on heavy industry. If necessary, the army had to provide materials from “war booty” stored in military warehouses. The Soviet Army financed the rehabilitation of the plants until the establishment of banks. Between 10 and 14 June 1946, the Soviet Union delivered to North Korea 16,000 tons of food plus 1,500 tons of rice, 5,000 tons of gasoline, and 410 tons of motor

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179 The per capita income in 1946 was 64.44 won and in 1949 – 132 won.
180 Armstrong, 159
181 IVANSSSR, 60
182 Kim Yong-so, “The Political Situation in North Korea and the Soviet Military Administration” in Han Hong-su, ed., _Han’guksa chaeinsik I_, 212
183 IVANSSSR, “Order of the Command of the Soviet Army in North Korea for priority start of heavy industry enterprises in North Korea,” signed by Colonel-General Chistyakov, commander of the 25th Army (November 27, 1945), 16, 17
Soviet Army specialists were selected as military commanders of major railway stations and army units started repair work of railway lines together with North Koreans. An additional railway regiment was dispatched from the Soviet Union, who also trained local socialists. The first line repaired was between Manchuria and North Korea. The railway network was restored by the end of 1946. Soviet specialists worked in the Chŏngjin locomotive repair plant (in 1946, 5,000 wagons were repaired), and in metallurgic plants in Namp'ō, Sŏngjin, Sŏngnim, and Kangso. Key enterprises were restored with Soviet assistance. The Soviet Union sent engineers for rehabilitation of the Sup’ung hydro power plant in 1947. Soviet specialists also participated in the construction of the irrigation system near Anju. The Soviet Red Cross established 17 hospitals in North Korea in 1946 with medical personnel, equipment, and medicine. Soviet physicians trained North Koreans in medical practice and prevention. The Soviet Union dispatched medical teams to fight epidemics.

The Soviet Union helped North Korea financially as it was striving to revive its economy. Before 1950 the Soviet Union provided loans to North Korea totalling 452.7 million rubles (113.2 million dollars). They were converted into direct aid because the Soviets eventually pardoned a large portion of them. This amount included a loan agreement in 1946, 5,000 wagons were repaired), and in metallurgic plants in Namp'ō, Sŏngjin, Sŏngnim, and Kangso. Key enterprises were restored with Soviet assistance. The Soviet Union sent engineers for rehabilitation of the Sup’ung hydro power plant in 1947. Soviet specialists also participated in the construction of the irrigation system near Anju. The Soviet Red Cross established 17 hospitals in North Korea in 1946 with medical personnel, equipment, and medicine. Soviet physicians trained North Koreans in medical practice and prevention. The Soviet Union dispatched medical teams to fight epidemics.

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184 Vanin, ed., 157-158
185 Among the rebuilt plants with Soviet help were the chemical and machine building plants in Pyongyang, the electro-technical equipment plant in Kangso, thermo power plant in Puryong, the glass factory in Namp’ō.
Van Ree, 178
186 Vanin, ed., 160
188 The ruble exchange rate was set on US dollar basis in 1937, 1 dollar/5.3 rubles. It was valid until 1950, when the exchange rate was based on gold, whereas one ruble contents were 0.222168 grams of gold (in 1935 it was set for 0.167674 grams); hence the exchange rate also changed in 1950 to 1 dollar/4 rubles. We will use the latter exchange rate which was valid until 1961.
189 AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, The Principle of Building Economy with Own Efforts and the Objective Reality in the DPRK, trade attaché Todor Kunchev, Pyongyang, 1964, 54
March 1949 for 210 million rubles for technical assistance to the DPRK. The loan was part of Soviet-North Korean treaty for economic and cultural cooperation. The Soviet loans between 1946 until 1949 amounted to 17.4 percent of North Korea’s GNP of 1949, a 4.3 percent average share per year.

Soviet aid in education and training made a significant contribution to North Korean economic development and building of socialist institutions. Education was the most direct and long term device for North Korea’s internal and external integration into the socialist system. North Korean students were sent to the Soviet Union in 1946; there were 120 undergraduate students and 20 graduate students studying in Soviet universities in the 1947-1948 academic year. After the conclusion of the Soviet-North Korean agreement for education in March 1949, 600 North Korean students arrived at Soviet universities. Soviet academics helped the development of science in North Korea. A Soviet science delegation headed by A. Oparin visited Pyongyang in 1948. A second group of 30 scientists visited North Korea in 1949 to help establish the North Korean Academy of Science, which was inaugurated in December 1952. The Soviet command in North Korea helped to establish Kim Il Sung University by donating 25,500 books in 1946. Soviet institutions donated books to North Korean colleges and universities, as Kim Il Sung University alone received an additional 40,000 volumes of scientific literature, 2,600 devices and instruments, and other equipment. Also, Soviet lecturers (mostly Soviet Koreans) started to teach at North Korean universities and colleges in 1948. More than 30 Soviet


It is unclear if this amount is direct aid, loans or a combination of the two. Furthermore, the intelligence sources might have put inflated numbers in their reports. We did not find evidence in the archives to support this estimate. Bazhanova, 9

The GNP of North Korea in 1949 was 934.8 million dollars if estimated by using DPRK’s official exchange rate and 491 million dollars based on trade exchange rate. We will use trade exchange rate as more realistic. See Eui-Gak Hwang, 120

Van Ree, 179
lecturers arrived in North Korea in 1949 as a result of an agreement for cultural and economic cooperation between the USSR and the DPRK dated March 17, 1949.193

Political education was of particular importance. The Soviet Civil Administration set up a High School for Cadres in Pyongyang in the summer of 1946. Per Shtykov’s suggestion, the CPSU opened a special school for high-ranking officials from the NKCP and the SKCP near Moscow (Narodnoe village) in 1948. Besides funding the program, the Soviet hosts took special care of the 35 students (enrolled in 1948), who embarked on an intensive course (the program was ten hours per day).194 It was reported that the Soviet Union trained 2,000 experts and 10,000-20,000 skilled workers in North Korea in 1946 and 1947.195 Thirty North Korean instructors received training in the Soviet Union in 1947 for the purposes of building the education system in North Korea.196

It is likely that a large number of Soviet Koreans actively participated in the rebuilding of North Korean economy. The Soviet-educated students and Soviet Koreans (who lived in the USSR before 1945) were the “emissaries” of North Korea’s internationalization. It is ironic that many of those who helped to integrate North Korea into the socialist system became targets of purges and repression when the regime took a more nationalist and isolationist course in the second half of the 1950s and the 1960s.

193 Bazhanova, 85, 94-95
194 Narodnoe school staff numbered twenty-five without the instructors. The courses included Russian language, Marxists Political Economy, History of the CPSU, Dialectical and Historical Materialism, International Relations, Theory of Party Building and Geography. Lankov., 39-40
195 Van Ree, 179
196 Ibid.
Trade integration

The recovery of the North Korean economy was linked to establishing new foreign trade channels in the wake of the collapse of the Japanese empire. The Soviet Union provided the only viable solution to that problem. Trade relations between the USSR and North Korea gradually expanded during these years and the DPRK increasingly looked like a sovereign trading partner. The bilateral trade increased each year in the range of two to three times from 1946 to 1949 (see table 1).  

Table 1: Soviet-North Korean trade, 1946-1953 (million rubles*)

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<tbody>
<tr>
<td>USSR exports</td>
<td>15.0</td>
<td>54.5</td>
<td>112.6</td>
<td>363.4</td>
<td>274.6</td>
<td>72.2</td>
<td>114.8</td>
<td>101.6</td>
</tr>
<tr>
<td>NK exports</td>
<td>22.9</td>
<td>40.0</td>
<td>100.3</td>
<td>250.8</td>
<td>170.3</td>
<td>117.8</td>
<td>156.6</td>
<td>129.8</td>
</tr>
<tr>
<td>Total</td>
<td>37.9</td>
<td>94.5</td>
<td>212.9</td>
<td>614.2</td>
<td>444.9</td>
<td>190.0</td>
<td>271.4</td>
<td>231.4</td>
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</table>

*The value of trade is calculated in pre-1961 (old) rubles

Source: MTVSSSR

Seventy percent of North Korea’s imports from the Soviet Union consisted of machines and equipment, while its exports consisted of color and black metals, ores, and chemicals, among others.  

Soviet-North Korean trade was a small fraction of total Soviet foreign trade but it increased over time – 0.6 percent in 1946, 1.5 percent in 1947, 2.12 percent in 1948, and 5.28 percent in 1949. To put this in a perspective, the trade between the USSR and DPRK in 1949 surpassed Soviet-Bulgarian trade that year, which was 591 million rubles or 5 percent of

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We use the Soviet account since it is based on long-term estimates and contain more thorough information. The value of the trade is recalculated on the basis of pre-1961 value of the ruble (1 new ruble=4.4 old rubles). There was denomination of the ruble in 1947 (change of face value of paper money at ratio 1/10) but the gold content changed in 1950 in ratio 1/1.32, as mentioned above. We will use the value of the ruble after the change in 1950 for the purpose of more consistency.

198 PA MFAA, A 6966, Report from the Ministry of Foreign and Domestic Trade of the GDR, Trade with Democratic Countries, Berlin, May 31, 1955, 111
Moreover, some major North Korean export items – zinc, lead, and sheet iron – occupied an important place in overall Soviet imports, while the Soviet Union secured 100 percent of its imported cast iron from the DPRK in 1948-1949. Soviet-North Korean trade constituted 90 percent of North Korea’s foreign trade in the 1946-1948 period. North Korea produced some export items for the Soviet Union. For example, 50 percent of North Korean production of zinc in 1946 was exported to the Soviet Union and 40 percent in 1947. Also, 90 percent of North Korean production of lead in 1946 was exported to the Soviet Union and 40 percent in 1947.

We have no conclusive data for North Korea’s trade with China during this era, but it is possible that North Korea was more dependent on the Soviet Union in the second half of the 1940s than the Korean colony was on Japan before 1945. We can surmise that by the end of the 1940s North Korea was integrated into socialist trade relations centred on the Soviet Union.

While Soviet-North Korean trade played an overwhelming role in North Korea’s foreign trade, the North Korean share in Soviet foreign trade started from a low point, but grew at a rapid pace.

A major portion of the Soviet loans to the DPRK was used for purchases from the

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199 For a comparison, the trade between the Soviet Union and East Germany in 1949 was 1.039 billion rubles or 8.9 percent of the overall Soviet foreign trade.

200 Soviet statistics (Ministry of Foreign Trade, dated 1967) shows that North Korean supply of zinc (1,400 tons) constituted 12 percent of Soviet import in 1946, 22 percent (2,300 t.) in 1947, 26 percent (4,600 t.) in 1948, and 26 percent (5,000 t.) in 1949. Lead was another important North Korean export item to the USSR: in 1946 it was 10.5 percent (2,700 t.) in the total Soviet import of lead, in 1947 – 11 percent (2,000 t.), in 1947 – 16.4 percent (3,500 t.), and in 1949 – 37.5 percent (6,600 t.). The North Korean export of sheet iron in 1947 was 20 percent (21,400 t.) of the Soviet import, in 1948 – 18 percent (40,100 t.), and in 1949 – 16 percent. The North Korean export of cast iron in 1948 (4,600 t.) and 1949 (55,900 t.) was the total Soviet import.

201 Van Ree, 184

202 Van Ree’s estimate of Soviet exports to North Korea in 1946 (30 million rubles) being equal to North Korean expenditures for the same year (which was around 800 million won) is suspicious because it is based on assumption of exchange ratio of 35 won for one ruble which is not accurate.

203 Forty-eight percent of ferrous alloys produced in North Korea in 1946 were exported to the Soviet Union and in 1947 the share was 21 percent. Also, the export share of produced rolled ferrous alloys increased from 4 percent in 1946 to 33 percent. The export of cement constituted 13 percent of local production in 1946 and 9 percent in 1947.

Van Ree, 184-185
Soviet Union (the same technique was used in the 1950s and beyond). But it appears that the Soviets did not make concessions in their trade relations at this stage, although part of the loans was pardoned later and the purchases could be considered aid. Erik van Ree points out that Sakhalin Oil Trust sold crude oil to North Korea (Wŏnsan oil refinery) at world prices until 1949, but bought oil products back at low prices. Also, when the world prices of zinc and lead grew in 1947 and 1948 Soviet purchase prices remained low and reached almost half of world level in 1948. The Soviet-North Korean trade relations seemed to be based on commercial interests rather than on fraternal motifs. In this sense, Soviet-DPRK bilateral trade was not as politicized in the 1940s as it became at later stages. The USSR had to recover from the destruction of the Second World War and had limited resources. Still, the Soviets provided trade loans which were to be repaid mostly in kind. Therefore, the Kremlin had also political considerations in fostering economic relations with North Korea.

The war disrupted trade, but the two countries managed an increase of their trade volumes in 1950 to 444.84 million rubles. The sizable trade was due to preparations for the war, which prompted increased deliveries from the Soviet Union. Bilateral trade was 3.45 percent of Soviet foreign trade – a decrease from 1949. Still, the North Korean supplies to the Soviet Union were considerable. With the advantage of hindsight we can observe that the 1940s were the “golden years” of Soviet-North Korean trade in terms of its share in Soviet foreign trade, because it never surpassed the record in 1949 and 1950 thereafter. Given the

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203 Ibid., 185
205 In 1950 North Korean zinc was 80.9 percent (20,300 t.) of the Soviet imports; cast iron – 41.5 percent (62,000 t.), and lead – 36.2 percent (5,900 t.). MVTSSSR, 1967, 148, 150
206 In 1957, the share of the trade between the two countries was 1.47 percent of Soviet trade in 1957, 1 percent in 1960, 1.5 percent in 1970 and around 0.5-0.6 percent between 1975 and 1981.
paramount role of the bilateral trade for North Korea, the same was true for North Korean foreign trade too. As North Korea was incorporated into the Soviet economic zone, trade between the two countries constituted 4 percent of North Korea’s GNP in 1946, but grew to 31.3 percent of the GNP in 1949, the highest it ever was. Moreover, in the following years and decades as North Korea’s trade expanded it also diversified in terms of partnerships.

China and Korea had been traditional trading partners, even during colonial times when Manchuria and Korea were part of the Japanese imperial economic system. After Liberation, trade between North Korea and China continued despite the civil war in China. American military intelligence sources point to even greater Sino-North Korean bilateral trade volume than Soviet-North Korean trade in 1946, but the accuracy of the report is doubtful. It is fair to assume that after the creation of the PRC in 1949 Sino-North Korean trade accelerated. North Korea imported coke coal, coke, cotton, and soy bean from China and exported agricultural products and supplied areas in northern China with electricity. It is worth noting that in 1950 the DPRK produced more energy than China. The Sino-North Korean trade volume reached 21.5 million rubles in 1950.

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207 According to Eui-Gak Hwang’s estimate, North Korea’s GNP in 1946 was 426.6 million rubles (official exchange rate) and 232.7 million dollars (trade exchange rate). The share of USSR-DPRK trade (amounting to 9.5 million dollars) of the GNP would be 2.2 percent and 4 percent respectively. The GNP in 1949 was 898.6 million dollars (official exchange rate) and 490.1 million dollars (trade exchange rate). Therefore, the share of bilateral Soviet-North Korean trade (153.6 million dollars) of DPRK’s national income would be 17 percent and 31.3 percent respectively. We will use trade exchange rate for basis of the GNP as more realistic amount.

Eui-Gak Hwang, 120

208 The American sources cited by Armstrong estimated the Sino-North Korean trade in 1946 at 223.7 million rubles (116.3 million rubles imports from China and 107.4 million rubles worth of North Korean exports) and 1.7 billion rubles (320.7 million dollars) in 1947 (evenly split).

Armstrong, 154

The accuracy of the report is doubtful. Moreover, the figure for 1947 was forecast because the report is dated 1947 (when the trade volume was incomplete).

209 PA MfAA, A 6966, Report from the Ministry of Foreign and Domestic Trade of the GDR, Trade with Democratic Countries, Berlin, May 31, 1955, 111

210 In 1950, North Korea produced 5.9 billion kWh and China – 4.3 billion kWh.

Ibid., 119

211 The Chinese exports were worth 12.5 million rubles and North Korean exports were valued at 8.9 million rubles.
Like the experience in occupied Eastern Germany, the Soviet military in Korea helped build institutions and local political structure based on Soviet experience and ideology. North Korea began to integrate into the Soviet international system during the occupation. This high degree of dependency was one of the reasons behind North Korean leadership’s pursuit of a more independent course later in the 1950s and the 1960s.

*Wartime economy*

During the Korean War, the economy collapsed. Overall output in 1951 dropped to 49 percent of the 1950 level. The economy slowly began to recover in 1952, reaching 56 percent of the 1950 level in 1952 and 68 percent in 1953. Production of coal in 1950 was 3.5 million tons, while in 1953 it dropped to 0.5 million tons or 14.3 percent of the prewar level. Steel production was 140,000 tons in 1950, though there is no data for the war years; most likely it was non-existent. In 1950, the DPRK produced 500,000 tons of cement and in 1953 it produced 20,000 tons or merely 4 percent of the prewar level. Similarly, electricity production decreased from 5.9 billion kWh to 1.9 billion kWh which is 32 percent of prewar levels. The chemical industry dropped to 10 percent of the prewar level and the metallurgy production – to 22 percent. Another gauge of the material damage of the war on industry was the 8,700 destroyed buildings of plants and factories.

The immense human loss handicapped the economy by causing a severe shortage of labour. The population decreased by 1.1 million people during the war, as the number of employees in the economy shrank by 26 percent (in industry – 40 percent, construction – 56

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212 Mirovaya ekonomika i mezhdunarodnie otnoshenia (World Economy and International Relations), Moscow, May 1959

percent).\textsuperscript{214} The H\`ungnam fertilizer plant can serve here as an example: there were 2,422 employees in September 1950; they decreased to 1,690 in December 1951 or 60 percent of the original level. The control in factories tightened and from early 1950 the government started to introduce a more centralized and uniform management system.\textsuperscript{215} A considerable part of production facilities were moved underground. For instance, Kim Il Sung confessed to the Hungarian minister in Pyongyang in March 1953 that of the required 65 million meters of cloth, 40 million meters were produced in North Korea, mostly in an underground factory with 1,500 spools (there were two smaller textile facilities in air raid shelters too).\textsuperscript{216}

The agricultural sector was also hit hard. There was a big drop in agricultural output at the end of 1950 and early 1951 – the most critical time of the war. The grain and fruit production suffered less severely (the grain harvest in 1953 was 88 percent of prewar levels and the fruit harvest was 72 percent), although it was estimated that 367,000 ha of fields (including rice paddies) were devastated. Cotton production in 1953 was 22 percent of the prewar level. Furthermore, the war exterminated 250,000 cattle and 380,000 pigs.\textsuperscript{217} In 1953, total agricultural output was 76 percent of the prewar level.\textsuperscript{218}

Besides the movement to increase the agricultural output in April 1951, a collectivization campaign was also under way, particularly in the areas near the front line. There were 174 collectives by the end of 1953.\textsuperscript{219} The collectives were based on the Soviet model and

\textsuperscript{214} Also, the war destroyed houses (28 million sq.m.), 5,000 schools, 2,000 out-patient clinics and hospitals, 260 theaters and cinemas, etc.
Vanin, ed., 245

\textsuperscript{215} S\" o Tong-man, 449-451

CWIHP

\textsuperscript{217} AMFABG, Opis 17, delo 39, 647, Report from the Bulgarian embassy in the DPRK, Economic Development of North Korea, Statistics, 1946-1959, ambassador Georgy Bogdanov, Pyongyang, February 7, 1961, 22

\textsuperscript{218} Vanin, ed., 245

\textsuperscript{219} In 1949, collectives comprised 3.9 percent of the farms (for comparison industries were 43.7 percent nationalized) and in 1952 – 5.4 percent collective farming (45.1 nationalized industries).
became the testing ground for the postwar collectivization program. At the same time, the state promoted a “market connection” in small farming – a kind of New Economic Policy to deal with the food shortages.

It is fair to assume that the North suffered greater damage from the war than the South due to aerial bombardments by the American air force. The economic collapse made the links to the USSR, the PRC and the East European countries all the more important for the survival of the DPRK. Key sectors of the economy virtually ceased to function and North Korea entirely depended on supplies from abroad.

Fraternal aid to the DPRK

Wartime allies

The Soviet Union helped establish the DPRK. The PRC and North Korea were as close as “teeth and lips,” to use Mao’s metaphor of the relationship. We will start this section with an assessment of the fraternal aid to the DPRK during the war, including direct and indirect military assistance, since this was a vital live-or-die question for North Korea.

During the war the Chinese Volunteer Army’s ground forces reached a strength of 28 armies in three rotations. At the time of the signing of the armistice agreement, the KPA numbered 450,000 troops and the Chinese Volunteer Army 1.35 million. China suffered 360,000 casualties, 170,000 of which were battle deaths.220 The Soviet Union participated in the war, although on a much smaller scale than China. Stalin avoided direct engagement with US-led forces during the Korean War. The Soviet Union supplied weapons and equipment for the CVA

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220 As of April 1951, on the Korean peninsula there were 16 Chinese field armies with 147 divisions (combat and reserve), 7 artillery divisions, 4 anti-aircraft divisions, 4 tank brigades, 9 air squads, total 950,000 soldiers.

Yi Chong-sŏk, 2001, 177, 191
and KPA, although there were frequent disagreements on the scale of material support, as Moscow repeatedly failed to satisfy Chinese requests.\footnote{Mao sent a telegram to Stalin November 7 1950, saying that the CVA had 36 divisions or 2 army corps but had munitions for only 6 divisions (!) and requested supplies for the 36 divisions by January - February 1951. The evidence points that the USSR failed to meet these demands. Furthermore, Mao requested supplies for 60 divisions though an envoy dispatched to Moscow in June 1951. Stalin’s answer was lukewarm: 10 divisions in 1951 and the rest by the first half of 1954. Mao renewed his request in October the same year. In the end Stalin agreed to supplying materials for 16 divisions in 1951 and the rest 44 until 1954. \textit{Ibid.}, 164, 178-179}

The Soviet Union avoided direct involvement of ground forces in the war, but it provided air assistance. The Soviet Union participated in the war with 12 air squadrons, two anti-aircraft divisions and one airplane engineering squad, a total of 72,000 servicemen (70 percent of the pilots were elite veterans from the World War Two). The Soviet jets did not cross the front line into the territory of South Korea; the southernmost flight duties reached the 39\textsuperscript{th} parallel along the Wŏnsan-Pyongyang line. Moreover, these were covert operations. The airplanes used Korean insignia, the Soviet pilots wore Chinese uniforms and no Russian language was used in the communication as well.\footnote{Stalin tried to make good on his promise to provide air support in two – two and half months after the entrance of Chinese troops into North Korea, as the USSR assisted China with 64 anti-aircraft defense systems (batteries) during the second campaign (dispatch), which started on November 25 1950. Furthermore, General Robov formed one squadron of 32 fighter jets and arrived in Andong in Manchuria. Two more squadrons were assembled with 150-200 jets and one anti-aircraft division; the first jet delivered in the end of November 1950. According to Robov’s testimony, 1,300 American airplanes were shot down and 345 Soviet jets and 200 fighters were lost during the war. \textit{Ibid.}, 167-168} Needless to say, Mao wanted a more massive and direct Soviet involvement. The Soviet Union only partially satisfied the PRC’s requests for air support\footnote{Mao October 24 1950 requested 3 air force divisions (squads) and 3 air force engineering battalions (for training Chinese) to China to fill the gap of moving Chinese air forces to North Korea and one anti-aircraft division to protect the railways. Stalin agreed to moving 3 air force squads to China and declined 3 air force engineering battalions and one anti-aircraft division (in addition to the 2 already sent to Chungi); instead he agreed to deliver 180 anti-air launchers. \textit{Ibid.}, 179} and did not send the requested number of advisors to North Korea.\footnote{Mao requested 83 new advisors in October 1951. Stalin sent only five to the command in North Korea. \textit{Ibid.} 180} Stalin feared a quick and massive modernization of the Chinese army which would make the
PRC a military superpower if all Chinese demands for armament were met. As a result, he took a more passive approach to the constant requests for weapons supply. These disagreements helped create tensions in Sino-Soviet relations by the end of the 1950s.

The war sealed a "blood pledge" alliance between the DPRK and the PRC. Although the Soviet Union did not participate directly in the war, Stalin’s Soviet Union was an indispensable military, political and economic supporter of the DPRK. At the same time, North Korea’s dependency on the USSR and the PRC prompted the North Korean leadership to look for a more independent foreign policy course at later stages. The DPRK was still in desperate condition and the war and the postwar reconstruction was not an appropriate time to deviate from good fraternal relations with the socialist world. The Sino-Soviet intervention and the military aid played a decisive role in preserving North Korean statehood. Yet the DPRK needed international recognition and political support in order to sustain its existence.

The two giant neighbours were indispensable to the DPRK, but it would take more than two countries to enhance the regime's international standing. The establishment of diplomatic relations between the DPRK and Eastern Europe came at a time when Pyongyang badly needed international recognition to assert its existence. The Korean War posed a grave challenge to the existence of the DPRK; the emerging socialist community was the only international haven for its government. Humanitarian aid had important moral, political, and material meaning, and established crucial bonds between North Korea and other socialist countries.

*Humanitarian aid to North Korea*

East European countries established diplomatic relations with the DPRK soon after its creation in 1948. Bulgaria and the DPRK established diplomatic relations on November 29,
1948. The North Korean ambassador in Moscow oversaw his regime’s relations with Sofia and other East European capitals. At the same time, Beijing served as the diplomatic representative of Eastern European countries with the DPRK during the war. The Bulgarian embassy in the PRC sent its first mission headed by ambassador Yanko Petkov to Manp’o (the wartime headquarters of the DPRK which is near the border with China in Chagang province) in December 1950.226 In August 1951, Petkov visited Pyongyang (the government headquarters had returned to the capital), where he and ambassadors from other East European countries attended the celebrations of the sixth anniversary of the Liberation of Korea. Ambassador Petkov met the key North Korean leaders, including Kim Il Sung.227 During the war, such visits to North Korea had been of a more symbolic moral and political character, showing support to the DPRK. Petkov visited Pyongyang twice in 1952.228 In 1953, the embassy in Beijing sent Bulgarian diplomats to Pyongyang four times to mark celebrations and meet North Korean

226 The first Bulgarian ambassador to the PRC – Yanko Petkov, arrived in Beijing on September 27, 1950 and traveled to Manp’o on December 23. Mr. Petkov met the foreign minister Pak Hŏn-yŏng, to whom he presented his diplomatic letters, and the chairman of the Presidium of the DPRK Kim Tu-bong (Kim Il Sung was on the front line for the operations against Seoul). During the meetings, the Korean officials addressed the war issues including the needs for aid. The top leadership of the DPRK and the ambassadors of the USSR, Hungary, Czechoslovakia, the PRC, Mongolia, and Poland attended the reception in honor of the Bulgarian delegation.
AMFABG, Opis 2p, delo 6, 185, Bimonthly report from the Bulgarian embassy in the PRC, December 1950 – January 1951, ambassador Yanko Petkov, Beijing, February 27, 1951, 103-105
227 AMFABG, Opis 4p, papka 29, 268, Annual report from the Bulgarian Embassy in the PRC in 1951, Beijing, February 28, 1952, 175-176
228 Petkov visited Pyongyang in the end of June and July 1952 for celebrations of the anniversary of Georgy Dimitrov’s birth. Kim Il Sung hosted a reception in honor of the Bulgarian diplomat and expressed gratitude for the care of the Korean orphans and the help provided by the medical team. In addition to a rally in the most representative at the time theater Marubong, commemorating Dimitrov’s 70th birthday and 3d anniversary of his death, the Bulgarian and North Korean sides arranged screening of feature film and documentary in a Pyongyang theater. It is interesting to note that amidst a war, one can observe such signs of normalcy in the capital.
Yanko Petkov met also the Soviet ambassador in Pyongyang Razuvaev, the commander of the medical section of the KPA General Lee, the Soviet medical consultant at the Soviet embassy Professor Derjavin, and the director of the Bulgarian medical team Michev to discuss the problems of the medical team. Petkov also visited a textile fabric in Pyongyang, where the workers expressed their gratitude for the presents sent from Bulgaria (this is likely related to the donation campaigns in Bulgaria which collected presents for North Korea). Petkov visited Pyongyang again in September 1952 for the celebration of the Bulgarian national holiday (September 9); on this occasion he again met the medical team in the northern part of the country.
AMFABG, Opis 4, papka 29, 267, Annual report from Bulgarian embassy in the PRC in 1952, Beijing, December 20, 1952, 187-188
officials. There was a separate visit to Sinŭiju, where a Bulgarian medical team ran a hospital.\textsuperscript{229} The first ambassador of the DPRK in Bulgaria, Ko Bŏn-ki, arrived in Sofia in September 1952, while the first Bulgarian ambassador Radenko Grigorov, arrived in Pyongyang in August 1954.\textsuperscript{230} The GDR and the DPRK established diplomatic relations on November 7, 1949, one month after the creation of the GDR. East Germany appointed its first ambassador, Richard Fischer, to North Korea after the Korean War (July 1954),\textsuperscript{231} as other East European countries also did. It was important for the young East German government to gain recognition, as it found itself in a similar international satiation as North Korea. This was one of the reasons for special relations between the two states and the outpouring of East German sympathy to North Korea during the Korean War and in the postwar reconstruction period.

It appears that Beijing led the way in coordinating wartime aid to North Korea, given its proximity to the peninsula and its direct involvement in the war. In a meeting in Beijing on 13 February 1951, the ambassador of the DPRK in China and the Chinese foreign minister Zhou Enlai appealed to the ambassadors of the USSR and the East European countries for aid in medical personnel, drugs and care of orphans.\textsuperscript{232} There were regular contacts between the East

\begin{footnotesize}
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\item \textsuperscript{229} Bulgarian diplomats based in Beijing visited four times Pyongyang on the occasions of the anniversary of creation of the KPA February 8, Liberation Day August 15, Bulgarian national holiday September 9 and presenting personal presents from Bulgarian premier Vulk Chervenkov to Kim Il Sung. During each visit the diplomats met the Bulgarian medical team in Sinŭiju and there was a separate visit to Sinŭiju during which the Bulgarian diplomats met the North Korean Minister of Health Yi Byŏng-nam to discuss and the transition of the work of the team to peaceful conditions in North Korea.
\item \textsuperscript{230} The first Bulgarian ambassador (Minister) to the DPRK Radenko Grigorov gave his diplomatic papers to the chairman of the Presidium of the Supreme People’s Committee Kim Tu-bong, who was the nominal head of state, on August 11, 1953. Mr. Grigorov was also received by Kim Il Sung.
\item \textsuperscript{232} AMFABG, Opis 6, papka 36, 789, Report from the Bulgarian legation in the DPRK, Minister Radenko Grigorov, Pyongyang, October 5, 1952, 106
\end{itemize}
\end{footnotesize}
European ambassadors in Beijing and North Korean officials to discuss the needs of the DPRK and possibilities of assistance. In addition, the North Korean ambassador in Moscow coordinated efforts to provide aid from Eastern Europe. The North Korean finance minister Cho’e Ch’ang-ik (a major participant in the attempt to oust Kim Il Sung in 1956) travelled to Eastern Europe in 1951 and concluded a series of aid agreements. A follow-up Korean trade delegation visited the region in 1952.

The USSR sent medicine and equipment to North Korean hospitals, and the Soviet Red Cross established a hospital in North Korea. The war created conditions for spreading infectious diseases, so a Soviet medical team worked in Wŏnsan after March 1951. A group of Soviet epidemiologists (scientists, physicians, and nurses) arrived in May with equipment and medicine. In July the group also helped establish offices for research and education in an underground facility in Pyongyang which gathered North Korean medical workers from all provinces. After the course ended the Soviet medics split into two groups – one was dispatched to Wŏnsan and the other remained in Pyongyang. Soviet specialists taught in North Korean colleges and educated 120 North Korean physicians during the war. They were also engaged in daily treatment of patients and surgeries.233

East European governments also sent medical personnel to the DPRK. In 1952, the Bulgarian government dispatched an 80-member team (physicians, nurses, and supporting staff) and supplied medical equipment for a hospital and mobile medical units, trucks, fabric and other materials.234 In 1953, a 23-member medical team was dispatched to the DPRK to service a

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233 In the epidemiologist centre in Pyongyang, Soviet instructors taught courses of sanitation, social hygiene, epidemiology, microbiology, and practical exercises. Vanin, ed., 219-220
234 In May and June, 1951, Bulgaria sent two railway convoys of total 53 wagons of equipment to the DPRK and goods via the USSR and China: 400 beds, medical equipment for a hospital and 5 mobile surgical units, 8 trucks, 4 ambulances, 82 tons of food, 556,000 meters cotton fabric, 110,000 meters of wool fabric, among others. A volunteer campaign through the Bulgarian Red Cross collected materials for additional 13 wagons. The Bulgarian
hospital in Sinŭiju near the Chinese border. During the war, Bulgaria rotated medical personnel and covered the cost of maintaining its operations. The other East European countries provided similar medical help. East Germany provided four mobile hospitals in 1952. Czechoslovakia provided medicine and two field hospitals in 1952. It also sent one medical team, servicing 500 beds. By August 1952, Hungary rotated three medical teams for a hospital with 1,000 beds. Romania dispatched two teams, which worked in a hospital with 700 beds. All foreign teams operated in the northern areas of the country, away from the front line. The Hungarian hospital was dispersed in four villages with underground facilities. Per the order of the Military Medical Command in early 1953, hospital facilities were relocated to places outside villages.

government paid for the transportation through the USSR and China. The transportation through China cost $27,000, while the Soviet government provided 50 percent discount of the transportation through its territory. The 80-member medical team sent in 1952 included 31 physicians, 25 nurses and 24 stuff members. Bulgaria probably sent another team in 1952 to replace the old one. AMFABG, Opis 3p, delo 6, Report of the Bulgarian Red Cross, Sofia, 225-226
Also Opis 3p, delo 9, 346; and Opis 3p, papka 5, 194, 2-5

235 AMFABG, Opis 4p, papka 29, 267, Biannual report from the Bulgarian embassy in China in 1952, Beijing, August 20, 1952, 140
238 The first two Hungarian teams spent 8-9 months each and the third 24-member team was in its 6th month in August 1952, meaning that Hungary sent a team to the DPRK as soon as the beginning of the Korean war. The first Romanian team stayed for 9 months and the second 20-member team was in its 7th month, so the first one arrived in May 1951. It seems that the first Czechoslovakian 20-member team arrived in 1952. Bulgaria settled for one-year rotating teams, starting from 1951. Bulgaria dispatched supporting stuff and most likely other countries did the same, so the total number of teams was larger.

The three countries financed the teams and provided all needed equipment and medical materials to service the hospitals. While the Bulgarian team was also financed, in 1952 the Bulgarian embassy in Beijing purchased materials from China for the needs of the team. The materials sent from Bulgaria were already used by the Korean side due to the delay of the arrival of the Bulgarian team.
AMFABG, Opis 4, papka 29, 267, Biannual report from the Bulgarian embassy in China in 1952, Beijing, August 20, 1952, 141, 166
239 As of March 1953, the Hungarians managed to build four small buildings for 60 patients. It was reported that the patients who remained in villages were exposed to greater danger (due to possibility of bombardments). MOL, XIX-J-1-j-Korea-11/f-00828/1953 8.d., Report, Legation of Hungary in North Korea to the Hungarian
East European governments encouraged (more precisely – orchestrated) grassroots efforts to help the DPRK. The Soviet Union sent 1,024 boxes to North Korea in 1951 including medicine, clothes, and shoes.\textsuperscript{240} The Bulgarian Red Cross and the Committee for Solidarity with Korea organized two mass donation campaigns during the war.\textsuperscript{241} The East German Committee for Solidarity with Korea organized such campaigns and also arranged North Korean participation in the Leipzig fair in September 1952.\textsuperscript{242} Soviet sources estimates that in 1951 North Korea’s Committee for Help received 793 wagons of presents from all socialist countries, in 1952 – 704 wagons, and in the first half of 1953 – another several hundred.\textsuperscript{243}

Each East European country received North Korean orphans in 1951-1952: Romania took care of 500 children, Poland – 200, Hungary – 200, and Bulgaria – 200.\textsuperscript{244} The GDR accepted 610 orphans in the 1952-1953 period. The host countries provided transportation, lodging, and education for the children.\textsuperscript{245} China stood out in this realm of help to North Korea for natural reasons: its history of revolutionary brotherhood ties with its North Korean brethren, its proximity, size, and its own involvement in the war. The Chinese government arranged for

\textsuperscript{240} Vanin, ed., 218
\textsuperscript{241} AMFABG, Opis 13, papka 46, 565, Report of the Bulgarian Red Cross, Sofia, March 9, 1956
\textsuperscript{242} The North Korean pavilion was visited by 50,000 people in Leipzig and 70,000 in Berlin, of whom 10,000 West Berliners.
\textsuperscript{243} Vanin, ed., 218
\textsuperscript{244} The 200 Korean children arrived in Bulgaria in June1952 and were accommodated in two big villas in the Rila Mountain, not far from the capital Sofia. They were accompanied by eight educators, four of whom were Koreans. The Bulgarian government covered all expenses for their transportation, accommodation, and education. There were more children coming next years and the Bulgarian government established elementary school in the town of Bankya near Sofia and dormitory for children in Purvomai, 100 km from the capital. The school and the dormitory continued to operate in the 1950s.
\textsuperscript{245} AMFABG, Opis 5, papka 31, 502, Report from the Ministry of Foreign Affairs of Bulgaria, Sofia, 1953; Also Opis 14, papka 35, 515, Report from the Korean embassy in Bulgaria, Rewarding 18 medals to Educators and Staff in Bankya and Purvomai, Sofia, June 18,1958
the care of 20,000 Korean War orphans.\textsuperscript{246}

\textit{Economic aid}

The war disrupted the education of North Korean students in the socialist countries in 1950. The DPRK sent the first group of 129 students to the USSR, Poland, Romania, and Czechoslovakia in 1951.\textsuperscript{247} According to a Soviet-North Korean agreement in 1952, the Soviet Union secured half of the expenses of the North Korean students studying in the country.\textsuperscript{248} North Korean workers received training in the USSR and other socialist countries.\textsuperscript{249} Bulgaria accepted 153 North Korean students in universities (agriculture, mining, medicine, etc) and technical high schools in 1952 and 1953.\textsuperscript{250} During the same period the GDR accepted 232 North Korean students for technical education. The East German government even arranged summer vacations for groups of North Korean students studying in the Soviet Union at its expense.\textsuperscript{251} Until 1954, 4,200 North Korean undergraduate and graduate students studied in the socialist countries.\textsuperscript{252}

The fraternal aid in the form of deliveries was life-saving for North Korea during the

\textsuperscript{247} Vanin, ed., 220
\textsuperscript{248} The two governments were to share the cost for education including courses, transportation, lodging and stipends for undergraduate students (500 rubles) and for graduate students (900 rubles)
\textsuperscript{249} “Agreement between the Governments of the USSR and the DPRK for Education of Citizens of the DPRK in Higher Civil Education Institutions of the USSR,” signed on May 2, 1952
\textsuperscript{250} AMFABG, Opis 4, papka 38, 382; Opis 5p, papka 31, 301; Opis 6, papka 36, 798
\textsuperscript{251} In 1952, 59 Korean students arrived in Bulgaria for education and in 1953 94 new students (25 college students and 69 high school students) were enrolled in universities and technical schools. The university students received monthly stipend of 660 leva (114 rubles or 44 dollars).
\textsuperscript{252} In 1952, 102 Korean students were accepted in the GDR and in 1953 – 130. 25 North Korean students studying in the Soviet Union spent summer vacation in Turingen province. Another group of 20 children was brought to East Germany in 1953.
PA MfAA, A7077, 242, 244
war. The Soviet Union provided 610 million rubles as aid.\textsuperscript{253} Soviet military supplies included tanks, fighter jets, artillery pieces, fire arms, munitions, and specialized equipment. Kim Il Sung told the KPA command at a meeting in December 1952 that the fire power of every KPA division increased 160 percent in 1952 compared to 1951. The mechanization and motorization of the army tripled in 1952.\textsuperscript{254} Even if Kim’s account was exaggerated, it is telling for the massive inflow of weaponry from the Soviet Union.

Certainly part of the weapons and lots of food and materials were delivered as aid. Per Kim Il Sung’s request, the Soviet Union sent 50,000 tons of wheat flour in 1952 as aid.\textsuperscript{255} Other Soviet aid deliveries in 1952 included 400 tractors, tens of thousands of tons of mineral fertilizers, several thousand agricultural machines, trucks, and a large quantity of consumer goods.\textsuperscript{256} The Soviets did not forget propaganda and education in these difficult days and they directed their aid to the Korean Society of Cultural Relations with the USSR.\textsuperscript{257} Kim Il Sung

\begin{itemize}
\item \textsuperscript{253} Ibid.
\item \textsuperscript{254} The number of automatic rifles in the KAP increased 144 percent in 1952, guns – 128 percent, mortars – 140 percent, anti-craft guns – 218 percent, tanks and mobile guns – 182 percent. If for each soldier in 1951 there were 100 horse power of mechanization, in 1952 it increased to 300 hp. Vanin, ed., 215-216
\item \textsuperscript{255} Stalin wrote to Kim Il Sung:
\begin{quote}
“It came to my knowledge that the Korean people needed bread. We have 50,000 tons of wheat bread at our disposal in Siberia. We can send this flour as gift to the Korean people. Telegraph your consent and we will deliver immediately the flour per your instruction.”
\end{quote}
Vanin, ed., 217
\item \textsuperscript{256} Kim Il Sung wrote to Stalin:
\begin{quote}
“Dear Joseph Vissarionovich!
The government of the DPRK is moved by your fatherly concern about the urgent needs of the Korean people. Your proposal to send us 50,000 tons of wheat flour, which we accept with endless gratitude, is one more expression of the selfless fraternal assistance of the great Soviet people to Korea, which has suffered from American aggression but is prepared to defend to the end its freedom and independence.

A grateful Korean people wishes you, dear leader and teacher, many years of life and health for the happiness of mankind.”
\end{quote}
Ciphered telegram, Babkin to Shtemenko conveying letter from Kim Il Sung to Stalin
APRF, Fond 45, Opis 1, Delo 348, Listy 60-61, April 16, 1952
\item \textsuperscript{257} Marina E. Trigubenko, Koreiskaia Narodno-Demokraticheskaia Respublika (People’s Democratic Republic of Korea). Moscow: Nauka, 1985, 24
\item \textsuperscript{255} In 1951, the Soviet Union delivered to the Korean Society for Cultural Relations with the USSR 5 “propaganda machines” (probably trucks with platforms equipped with radio, speakers, and other equipment) with cinema projectors, 10 35mm mobile cinema projectors, 10 16mm cinema projectors, 12 stationed cinema projectors, 10
University, Kim Ch’aeak Institute, and the newly-established Academy of Sciences of the DPRK received wartime aid from the Soviet Union.\(^{258}\)

Soviet-North Korean trade continued during the war, although on a much smaller scale than in the pre-war years (see table 2).\(^{259}\) The drop in trade is understandable under war conditions, but another important reason for the reduction is the substitution of trade with aid. The decline of Soviet exports to North Korea in 1951 is telling.

The GDR was the third largest benefactor of the DPRK during the war and beyond. Less than three months after the start of the Korean War the East German government launched the Korea Aid Committee, whose purpose was to collect donations and send them to North Korea. As Rudiger Frank noted, the East German solidarity movement bureaucratized over time, replacing its early spontaneous human nature.\(^{260}\) This evolution seemed a common trend across Eastern Europe. The Korea Aid Committee donated 23 million marks in cash and 13 million marks in deliveries, or a total of 36 million marks (64.8 million rubles). In January, February and March 1951, three Korean delegations visited East Germany and negotiated a bilateral supply agreement totalling 30 million rubles. It is very likely that this agreement was carried out within the framework of the activities of the Aid Korea Committee. The two countries signed a credit agreement (Agreement 1) for 30 million rubles (actually spent 29.6 million rubles) for goods to be supplied to North Korea on 25 June 1952 in Berlin during a visit of the North Korean trade

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\(^{258}\) Kim Il Sung University received Soviet equipment worth 40 million won during the war. Kim Ch’aeak Institute also received lab equipment and the newly-established Academy of Sciences of the DPRK – 2,000 volumes.

\(^{259}\) MVTSSSR, 1967, 66

\(^{260}\) The Korea Aid Committee was established on 9 September 1950. It transformed into Solidarity Committee for Korea and Vietnam on 11 November 1954.

minister Chang Si-u.261 This credit was pardoned in 1953, 262 so it turned into direct aid. The GDR and the DPRK signed another aid agreement in November 1952 (Agreement 2) worth 30 million rubles (actually spent amount was 32.7 million rubles).263 The spending from the agreements continued in 1953 and later, so they covered a longer period.264 From various documents on aid between 1950 and 1952, we can deduce that wartime East German aid totalled 126.8 million rubles. This included 62 million rubles of supply agreements and 64.8 million rubles under “solidarity aid.”265 There were fundraising campaigns in the form of organizing exhibitions with “Help Korea” pavilions at the Leipzig trade fair, in Berlin and other cities.266

The Socialist United Party (SED) organ Neues Deutschland (7 June 1951) propagated the slogan

261 Earlier report indicates 16 million marks spent by the GDR in 1950-1953 to help North Korea. It was part of Aid Korea Committee’s effort. The report points that in 1950 (September-December), the GDR spent 2,286,181 marks on aid for North Korea. Another 7,579,722 marks were spent in 1951 and 6,111,540 marks in 1952. The supply in 1952 included 212 t. of medicine, 557 t. of textile, shoes, bicycles, motorcycles, children’s carts, and 4 complete medical wagons (mobile hospitals).


Rudiger Frank points to the following spending of the Aid Korea Committee: 1950: 2,086,000 marks, 1951: 16,465,000 marks, first quarter of 1953: 11,600,000 marks, so until March 1953 the aid amount totalled 30,151,000 marks. The total wartime help by the Committee, 36 million marks, matches the amount in the document cited above.

Rudiger Frank, 1996, 7


263 Frank, 1996, 12

264 For example, 20 percent of the 1952 agreement (June 25) for 30 million rubles was realized the same year.

PA MfAA A6696, Annual Report 1952, GDR embassy in Beijing, Feb 24, 1953, 92-93

265 Total 73.8 million rubles were delivered as “solidarity aid,” 64.8 of which during the war and 9 million after the war. The supplies included 17,045 boxes or 2,612,256 kg of necessities.

PA MfAA, C316/78, Report from the Ministry of Foreign Affair of the GDR, Help from the Socialist Countries to the DPRK, 1950-1962, Berlin, April 9, 1964, 2-21

Another report pointed that until July 1952 total 13 million marks through the Korea Aid Committee at the National Council of the GDR. The deliveries to North Korea included medicine and instruments (4.4 million marks), textile (7 million), and others – 677 tons of goods plus three ambulances.

PA MfAA, A9838, Report from the Ministry of Foreign Affair of the GDR, Activities of Korea Aid Committee, Berlin, July 26, 1952, 290

266 On September 10-17 1952, a Help Korea pavilion was set up at Leipzig fair; 50,000 people visited and 6295 marks collected from exhibition. Other exhibitions were planned in the country. In November 1952 in Berlin, for instance, 42,000 people contributed 6000 marks.

PA MfAA, A9838, Report from the Ministry of Foreign Affair of the GDR, Help to the DPRK, Berlin, October 4, 1952, 173
“One who Helps Korea, Helps Germany.”

The Bulgarian aid to the DPRK in 1952 was worth 5.6 million rubles based on an agreement in April 1952. The supplies included cotton yarn, threads, and pork fat. Bulgaria supplied additional goods worth 7.6 million rubles based on an agreement signed in March 1953. During the course of the war Bulgaria supplied one million packages of clothes, fabrics and other materials as well as 650 tons of food, medicine. The Bulgarian Red Cross supplied goods worth 6.2 million rubles during the war, based on its own resources and national donation campaigns. Hence the aid provided by Bulgaria in 1951-1953 period totalled 19.4 million rubles.

Other East European countries launched aid programs to North Korea as well. Poland was a big donor. In 1951, it transported 91 wagons of goods and presents to North Korea. In 1951-1952, it supplied industrial and consumer products worth 21.8 million rubles: locomotives,


\[268\] The Bulgarian Council of Ministers issued Ordinance PR-1365 on April 28, 1952 for providing 5,574,000 rubles of aid to the DPRK. On March 3, 1953, Bulgaria and the DPRK concluded an aid agreement for 7,630,000 rubles. The Bulgarian Red Cross transported 82 rail wagons of goods to North Korea in the first half of 1953, based on decisions of the Politburo of the BCP and the Council of Ministers in February 1953 for providing goods worth 30 million leva (5.2 million rubles), which were to be supplied in the first half of the year. It is likely that this transport was part of the March 1953 bilateral agreement between Bulgaria and the DPRK. But another possibility is that it was separate supply, since the decision of the Bulgarian government (for 5.2 million rubles) in February preceded the bilateral agreement for 7.6 million rubles in March.

\[269\] AMFABG, Opis 7p, papka 30, 600, Bimonthly report by the Bulgarian Embassy in the DPRK, August and September 1955, secretary and press attaché Radi Botev, Pyongyang, October, 1955

\[270\] The aid from the Bulgarian Red Cross own resources were 16 million rubles for the 1951-1955 period.

\[271\] AMFABG, Opis 13, papka 46, 565, Report by the Bulgarian Red Cross, Aid through the Bulgarian Red Cross to the DPRK, Sofia, March 9, 1956, 1

Participant in the Bulgarian solidarity campaign for collecting small donations from the public reveals her enthusiasm to donate something to the North Korean people, sacrificing her only more decent clothes and pair of shoes! (after her mother repaired them).

Presentation, Stara Zagora, Bulgaria, 2008

It is likely that this transport was part of the March 1953 bilateral agreement between Bulgaria and the DPRK. But another possibility is that it was separate supply, since the decision of the Bulgarian government (for 5.2 million rubles) in February preceded the bilateral agreement for 7.6 million rubles in March. In this case the total sum of wartime aid would be 24.6 million rubles. Here we take the lower estimate.
machines, electric devices, cloth, etc. In 1953, Poland delivered 19 million rubles: locomotives, machines, steel, cloth, etc, so together the wartime supplies were 40.8 million rubles. Besides the medicine and two field hospitals, Czechoslovakia transported materials worth 197 million crowns in 1952. Romania shipped 50 wagons of goods in 1951 and provided the DPRK with 4.6 million rubles in cash. In 1952, it supplied 94 boxes of drugs, clothes and food.\footnote{PA MfAA, C152/75, Report from the Ministry of Foreign Affairs of the GDR, Help and Solidarity of the GDR and Other Socialist Countries to the DPRK, 1950-1962, Berlin, April, 1964, 138-44} During the war, Romania delivered 80 wagons of goods to North Korea.\footnote{PA MfAA, 10281, Report from the embassy of GDR in the DRPK, Help of Romania to the DPRK, Pyongyang, 1956, 146} In sum, East European countries provided aid worth nearly 212 million rubles and supplied additional materials not included in this amount.\footnote{The data cited above gives evidence for over 200 million rubles of total East European wartime aid: the GDR – 124.8 million rubles, Poland – 40.8 million rubles, Czechoslovakia – around 20 million ruble (197 million crowns; unknown exchange rate with the ruble, but the amount could easily be in the range of 20 million rubles), Hungary, Bulgaria – 19.8 million rubles, and Romania – 4.6 million rubles. Thus the total becomes 208.8 million rubles. Kim Il Sung called the horses “new kind of volunteer.” MOL, XIX-J-1-j-Korea-11/f-00828/1953 8.d. Report, Legation of Hungary in North Korea to the Hungarian Foreign Ministry, Minister Károly Pásztor, March 4, 1953} 

Mongolia also provided help to North Korea. In 1953, the Mongolians sent 96,000 animals, including 16,000 horses and it is evident that they supplied same quantity in 1952 and probably in 1951. The horses were particularly important for the army, because the Korean soldiers had to carry equipment on their backs and haul military equipment.\footnote{PA MfAA, A 6893, Report of the Ministry of Foreign Affairs of the GDR, July 3, 1956, 194} 

According to an East German report from the Ministry of Foreign Affairs, socialist aid to the DPRK until 1953 totalled in the range of 1.27-1.32 billion rubles as follows: from the USSR 610 million rubles, from China 5 trillion yuan (562 million rubles), from East European countries (Bulgaria, Czechoslovakia, Poland, Hungary, Romania, and the GDR) between 100 and 144 million rubles.\footnote{PA MfAA, A 6893, Report of the Ministry of Foreign Affairs of the GDR, July 3, 1956, 194} The different estimates for East European aid could stem from the
difference between pledged and actual deliveries, particularly in terms of the two supply agreements between the GDR and the DPRK in 1951 and 1952 totaling 60 million rubles, part of which were carried out after the war. But we have enough data to get the picture in approximate terms.

<table>
<thead>
<tr>
<th>Country, region</th>
<th>Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>USSR</td>
<td>610</td>
</tr>
<tr>
<td>PRC</td>
<td>562</td>
</tr>
<tr>
<td><strong>Eastern Europe</strong></td>
<td><strong>211.6</strong></td>
</tr>
<tr>
<td>GDR</td>
<td>126.8</td>
</tr>
<tr>
<td>Poland</td>
<td>40.8</td>
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<tr>
<td>Czechoslovakia</td>
<td>20</td>
</tr>
<tr>
<td>Romania</td>
<td>4.6</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>19.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,383.6</strong></td>
</tr>
</tbody>
</table>

*Cash and supplies  
Archival sources: AMFABG, PA MfAA

A Bulgarian source from Beijing indicates even greater Chinese wartime aid to the DPRK. According to the report, in the 1950-1952 period, the Chinese provided 6 trillion yuan for 3,700 airplanes (obviously they were not all fighter jets, which are expensive) and other equipment and supplies. It is reasonable to assume that most of the aid was designed for the Chinese Volunteer Army, given that it was astonishingly under equipped at the start of the war. The Chinese also collected food, clothes and other materials worth 150 billion yuan (16.8 ambulances, 1,650 beds for hospitals, and other medical equipment.

As for the figure of 144 million rubles of aid from Eastern Europe, it may have included the aid for 1954 as well, but this is not indicated in the report. We can only assume this possibility because there is a separate figure for the Soviet (390 million rubles) and Chinese (3 trillion yuan) aid for North Korea in 1954 in addition to the figure of total aid until 1954 inclusive (Soviet aid of 1 billion rubles and Chinese aid of 8 trillion yuan), while such separate numbers for 1954 are missing in the case of East Europe. If we deduct from the total sum for Eastern Europe (144 million rubles) for the aid in 1954, we can arrive at minimum 100 million rubles of aid during the course of war. But if we sum up the documented wartime contributions of East European countries we arrive at around 200 million rubles.
million rubles) to help North Korea. This data is partly corroborated by a report from the East German embassy in Beijing which confirms a fundraising campaign in China to support North Korea in 1951, which resulted in the supply of 1,907 airplanes, 105 heavy artillery pieces, 37 air defence artillery pieces, and 7 tanks. The industrial and trade circles in Shanghai provided funds to purchase 270 airplanes the same year. The weapons probably were supplied to the CVA which was fighting in Korea, however, so it could hardly be separated from the aid to North Korea. Another East German source points to “many thousands tons” of food, 500,000 complete sets of cotton wool clothes, and 500,000 pairs of shoes supplied by China, among other things, during the war. A Hungarian report indicates that during the war China delivered to North Korea 5 million pieces of clothing and pairs of shoes. The Hungarian minister observed from Pyongyang that “one can see people everywhere wearing warm, blue Chinese clothes.” China also sent an unspecified “large amount” of wheat.

We can infer from the Bulgarian report that the total amount of Chinese war aid to North Korea may have reached 8 trillion yuan or 901 million rubles, figures which were larger than those in the East German report – 5 trillion yuan (562 million rubles). The difference of numbers can be attributed to the different sources – the East German report used North Korean sources and the Bulgarian embassy report from Beijing used Chinese sources. The most likely explanation is that the East German estimate probably excluded 1953 from the wartime amount.

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277 AMFABG, Opis 4p, delo 29, 267a, Annual report from the Bulgarian embassy in Beijing for 1952, February 9, 1953, 6-7
278 PA MfAA, A6504, Quarter reports from the embassy of the GDR in PRC, second quarter 1951, Beijing, July 19, 1951
279 PA MfAA, C152/75, Report from the Ministry of Foreign Affairs of the GDR, Help of the Socialist Countries to the DPRK from 1950 to 1960, Berlin, 1964, 38
281 Six trillion yuan for the period 1950-1952 (confirmed by the Bulgarian report) and at least 2 trillion for 1953 (based on the assumption that the aid could have not stopped in the middle of the war), meaning total 8 trillion for the war. Interestingly, the amount of 8 trillion yuan also appears in the East German report, but it is implied that 3 trillion of them was for 1954, while the remaining 5 trillion was the aid until 1953.
We will accept the smaller amount of Chinese aid, 562 million rubles, to avoid overestimation. If we add the East European countries’ aid at 212 million rubles the DPRK received 1.383 billion rubles in aid during the war. The amount of indirect aid would add millions of rubles to that figure.\(^{282}\) Also, some supplies were not calculated in monetary form. When we take into account 452 million rubles in Soviet loans before the war (most of which were pardoned because of the war), the total amount of aid and loans reached 1.835 billion rubles between 1945 and 1953.

At the same time, the PRC itself needed help; the Soviet Union provided long-term credit to China in 1950 for 1.2 billion rubles (300 million dollars) with one percent interest for purchasing equipment and materials. China engaged in active trade relations with the USSR and East European countries. China’s trade with the Soviet Union and Eastern Europe amounted to 26 percent of its total foreign trade in 1950, 61 percent in 1951, and 70 percent in 1952. China imported machines, equipment, chemicals and other materials and exported mainly raw materials and agricultural products.\(^{283}\) The steep rise of the trade indicates the formation of an international trade system stretching from central Europe to the Far East. The needs of the PRC and the DPRK during the Korean War hastened this process.

**Summary**

Charles Armstrong points out that the economic planning of North Korea in the 1940s was nationalist. It rejected colonial dependency on Japan and represented a variation of Stalin’s

\(^{282}\) We take into account the lower figure of the Chinese aid to the DPRK – 5 trillion yuan – reflected in the East German (North Korean) data. Moreover, it is likely that in this figure are not included expenses of the foreign medical teams in the DPRK, the care of Korean orphans and education of Korean students in Eastern Europe. Some aid supplies were also excluded from the monetary aid. This will easily add millions of dollars in indirect aid.

\(^{283}\) AMFABG, Opis 4p, papka 29, 267, Trade Report from the Bulgarian embassy in the PRC, trade attaché Konstantinov, Beijing, 1952, 159-168
“socialism in one country” rather than an extension of the Soviet Union.284 It sounds like a very compelling argument, but it seems even more valid for later periods of North Korean development, particularly in the 1960s. Japan was in ruins after the end of the Second World War and an occupied country itself. Nationalism was a rather consistent trend in North Korea’s political economy, but in the early postwar years it was more of an instrument of Kim Il Sung and the guerrilla group’s ascendance to power than a development strategy. North Korea was occupied and dependent on the Soviet Union politically and economically, but it is also true that some signs of national assertiveness were visible during the occupation. An occupation and division after colonialism – it was not the best case scenario for those who dreamt of an independent Korea. The dependency itself was not a welcome situation and one would not choose it if one had a choice.

To some extent, the North Korean economy was an extension of the Soviet economy between 1945 and 1949. The Soviet occupation nurtured the link between the two economies and fostered reforms which cleared the road to building a socialist economy in North Korea. The dependency was the only way for North Korea to function during the occupation. At the same time, important economic reforms that transformed society had broad social support.

The land reform in 1946 was popular because a great number of landless and poor peasants obtained land after the confiscation of land from Korean landlords, Japanese owners, and the lands of temples and other religious organizations. The NKPPC (patronized by the SCA) redistributed around 45 percent of arable land. Approximately 70 percent of farming households benefitted from the land reform. The measure was tantamount to making hundreds of thousands peasants land owners, but at the same time the property rights were not guaranteed since the farmers were obligated to “return” the land to the state if they did not till it. The land reform

284 Armstrong, 151
became a springboard for collectivization in the 1950s, which completed the process of socialization of the North Korean economy. The reform was pivotal for the extraction of resources from agriculture for the purposes of building the centrally controlled distribution system (a rationing system which allocated rice and other staples to citizens according to occupation), providing food for the Soviet Army, and industrializing the country. The 25 percent tax-in-kind, introduced in June 1946, in fact allowed taxation in excess of 50 percent of the harvest. Other methods of extraction included requisitioning from the government, campaigns for “patriotic rice,” and compulsory labour duty for peasants on public works.

The nationalization of industries was the other pillar of economic reforms during the occupation. Ninety percent of industries were nationalized in 1946 and 87.3 percent of the output in 1948 came from the state-owned sector. A state-owned economy is one of the fundamentals of a socialist economy, along the centralized planning system. The year plans in 1947-1948 and the two-year plan (1949-1950) heralded the start of centralized planning, as heavy industry was prioritized at the expense of the light industry and agriculture.

The North Korean economy was blessed with mineral resources and infrastructure and industrial facilities from colonial times – mines, power plants, chemical plants, and so forth. But it was a double-edged sword in the longer run, because this industrial foundation prompted the North Korean authorities to stress heavy industry, which was reinforced by the socialist economic paradigm and Stalinist type forced industrialization. The land reform was the beginning of extraction of resources from agriculture to industries and this process accelerated after the war. By contrast, the South was relatively deprived of natural resources, but was the “rice basket” of Korea. Its light industry, trade, and finances were better developed compared with the North. This foundation turned more advantageous for longer-term economic growth.
The minerals-rich North started to export them as important revenue, but they dominated the export structure throughout the entire economic history of North Korea with gradual shifts to finished and more value-added products (but again mostly based on natural resources) over time. By contrast, the South did not have such a “luxury” and had difficulties with supply of resources, electricity and other basic industrial goods. As the time passed, however, this disadvantage forced the South Korean government to develop competitive export-oriented industries.

The building of a socialist system and economy in North Korea in the 1940s started a process of “systemic” integration into the socialist world. North Korea was occupied territory and it had limited political choices. But there are indications that North Koreans emulated the Soviet model on their own accord. Despite North Korea’s political and economic dependency on the Soviet Union, bilateral Soviet-North Korean relations at that time can be characterized as relations between teacher and student. The Liberation and the occupation ignited a North Korean revolution which generated legitimacy for the regime. Building socialist political and economic institutions and using patterns based on Soviet models and practices converted North Korea from an occupied territory to a member state of the socialist system in terms of ideological and structural compatibility with the Soviet Union and the “people’s democracies” in Eastern Europe. There was another aspect of the integration, and that was the formation of North Korea’s international political and economic ties to the socialist countries.

The Soviet Union and East European countries established diplomatic relations with the DPRK immediately after its creation in 1948. East European ties to North Korea were mostly symbolic until the outbreak of the Korean War in 1950, although this symbolism meant a lot amidst the bitter rivalry between the DPRK and the ROK for international recognition after their creation. The Korean War accelerated and expanded the scope the DPRK’s integration into a
larger socialist community. The two rival international systems took more definite shape and deepened the process of intra-system integration during the Korean War. Seventeen countries sent troops to the UN forces in Korea fighting on the side of South Korea. Only China sent ground troops to help North Korea survive the US-led counteroffensive, but this proved sufficient. The USSR and the East European countries provided key political and material support during the war which prevented the DPRK from being internationally isolated and enhanced its security and legitimacy.

China rotated the entire PLA in Korea during the war. The Soviet Union provided weapons and other crucial supplies. The tremendous amount of humanitarian and economic aid from nine socialist countries provided a vital lifeline for the war-ravaged DPRK. Based on conservative estimates, the aid to North Korea until 1953 reached 1.835 billion rubles (458.8 million dollars): until 1949 – 452 million rubles (113.2 million dollars) in loans, most of which was pardoned, and 1.383 billion rubles (345.8 million dollars) in aid during the Korean War.

Around 90 percent of North Korea’s trade was with the Soviet Union in the second half of the 1940s (for comparison, the trade with Japan was 70 percent of Korea’s trade during the colonial period. Bilateral trade constituted 4 percent of North Korean national income in 1946 and increased to 31.3 percent in 1949, an unmatched share thereafter. At the same time, the tension between the politics of independence and the economics of integration (dependency) became more pronounced in later periods, but the first signs of the tension between the two trends were visible in the early years of the DPRK and the Korean War.

The socialist countries depended on the DPRK to various degrees as well. North Korean security became indispensable for the PRC. It was also important for the Soviet Union, which

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285 We use the post-1950 value of the ruble in gold content (exchange 1 dollar/4 rubles), because we assume that the data on aid in the 1940s was given in that value. Hence the exchange rate is uniform for the pre-Korean War and wartime periods.
needed a buffer zone on the Korean peninsula against the United States and resurgent Japan. Although North Korea was very remote geographically, the DPRK became a key foreign policy issue for the East European countries as well, which felt compelled to help (even though on limited material scale) the new member of the international socialist community. North Korea was important for the Soviet Union economically, although to lesser extent than North Korea depended on the Soviet Union. In 1949, Soviet trade with North Korea reached 5.3 percent of total Soviet foreign trade. The main North Korean export items to the Soviet Union, including cast iron, zinc, and lead, occupied a major share in overall Soviet imports in the late 1940s. The Korean War was the first significant test for the emerging international socialist system. North Korea survived the war and the socialist system marked its birthday. The war forced the DPRK into dependent relations, but the dependency widened from one country in the second half of the 1940s – the USSR – to a number of socialist states. If the period from 1945 to 1950 represented a kind of straightforward dependency, the Korean War gave birth to a socialist system, one which the DPRK became an integral part.
Part II

Postwar Reconstruction and Further Integration

1954-1961
CHAPTER FOUR

The Consolidation of the North Korean System

The next three chapters cover the period 1954-1961, which includes the Three Year Plan and the Five Year Plan of North Korea’s development. The North Korean political system came to fruition in the 1950s as Kim Il Sung and his guerrilla faction consolidated power. The de-Stalinization of the Soviet Union was an ideological and political shock for the North Korean regime, which had been nurtured on Stalinist model of socialism. The de-Stalinization campaign also threatened Kim Il Sung’s power. As a result, the guerrilla faction took measures to strengthen its grip on power in 1956. The purges and repression against the Soviet and Yan’an factions represented both internal consolidation and the beginning of North Korea’s divergent course from the socialist system. This internal deviation, in turn, affected North Korea’s relations with the Soviet bloc countries.

Furthermore, the postwar reconstruction and industrialization of North Korea precipitated a deeper external integration into the socialist system. In the 1950s aid and trade were the main bridges of the northern regime’s external integration into the socialist world. The fraternal aid to the DPRK had diverse forms: humanitarian, goods supplies, financial (free grants and loans), technical assistance, and military help. The collective socialist effort to rebuild and construct plants, infrastructure, and civilian buildings and services had a great impact on North Korea’s reconstruction and industrialization process. North Korea’s trade with socialist countries grew rapidly and toward the end of the 1950s, and eclipsed aid in its role for the country’s economy. Trade was reciprocal by definition, but it also served as a form of aid to North Korea, for example through provision of trade credits (with favourable conditions),
bilateral barter trade, and price subsidies.

Toward the end of the 1950s there were diverging tendencies in the regime’s policies as a result of the growing dependency on socialist countries during the Korean War and in the postwar reconstruction period. The regime’s divergence from the Soviet camp was part of the looming Sino-Soviet split in which the DPRK gradually leaned toward China. The divergence with the Soviet bloc started in the ideological sphere with a criticism of “revisionism.” Ideology was the “safe haven” for North Korea’s nationalist deviations from Soviet-prodded “socialist internationalism,” which had previously helped to secure Soviet domination and influence. As long as the ideological differences did not translate into policy disagreement and did not undermine considerably economic cooperation, they seemed harmless, even though they could cause annoyance in Moscow and tensions in relations with other members of the socialist world. But the ideological divergence began to penetrate the political sphere as the DPRK became increasingly supportive of the Chinese position in the Sino-Soviet dispute. Furthermore, the ideological and political disagreements between the Soviet Union and the DPRK affected the two countries’ economic cooperation at the beginning of the 1960s.

Politics in North Korea

The failure of North Korea to unify the peninsula during the Korean War opened a gaping (and to a large extent self-inflicted) wound. The war ravaged the two halves of the Korean peninsula, but the scale of destruction in the North was far greater than in the South. The two Koreas paid a very high price for preserving the prewar status quo. Besides the incalculable human and material losses, the two rival states became ever more dependent on their respective benefactors. China preserved its border with North Korea, but at the expense of human loss
during the war. The PRC failed to unify the mainland with Taiwan and its economic recovery after the civil war was delayed. The USSR lost much less than the PRC, but gained little. One “positive” effect for the Kremlin might have been the distraction of the United States away from Europe. Such a gain is questionable from a wider perspective, however, because Japan and West Germany benefitted economically from the war and solidified their position as stalwarts against communist expansion. The Soviet-American relationship worsened and the settlement of the East German issue became more elusive and entangled, despite the Soviet overtures in the wake of Stalin’s death. The United States paid a high price for sending its troops north of the 38th parallel in the fall of 1950 (and probably for not committing firmly to the ROK’s security after its withdrawal from South Korea in 1949).

In the region, only Japan was posed to “gain” from the Korean War, which Prime Minister Ishida once called “God’s sent gift,” a reference to the economic benefits Japanese companies gained from their new-found role as a suppliers for the American army in Korea. Similarly, West Germany experienced a “Korean boom” due to the avalanche of American orders for war supplies. (It is an irony of history that South Korea stood to “gain” in a similar fashion from the Vietnam War later on.)

The Korean War helped to cement the postwar international order. The two blocs were clearly defined and the rules of (non)engagement were set. The Soviet Union was involved in economic and military assistance to the DPRK. The protracted character of the war for the PRC, combined with Stalin’s death in March 1953, provided the impetus for the communist side’s decision to negotiate an armistice. The end of Stalin’s era triggered a power struggle in the Kremlin and launched major reviews of Soviet policies.

Stalin died in his dacha outside Moscow on 5 March 1953. In the following days the key
Soviet leaders agreed to elect Malenkov as chair of the Council of Ministers and to present him as the face of their collective rule. Beria, the powerful secret police chief, was in Malenkov’s shadow, and all suspected his ambitions to take charge. The new leadership wanted to put a human face on communism, a kind of “velvet communism,” which they thought was more appealing to their countrymen and to the world after Stalin’s brutal rule. The Soviet leaders gave amnesty to over a million prisoners from the notorious Gulags; they renounced Stalin’s accusations of a doctors’ plot and released the imprisoned physicians. They also introduced economic reforms, shifted some powers from the party to the administration, reduced the size of the security apparatus, and put a break on routine tortures. In order to achieve the domestic objectives of improving the quality of life and making the system more efficient, the Soviet leadership needed to reduce international tensions. In foreign policy, they remained orthodox believers in irreconcilable conflict between communism and capitalism and felt encircled by the United States, but wanted to build a bridge with Washington.286

The postwar years shaped the North Korean political economy. Six major trends marked the postwar reconstruction process: further consolidation of Kim Il Sung’s power; the failure of de-Stalinization; the emergence of Chuch’e ideology; acceleration of collectivization; the beginning of heavy industrialization; and North Korea’s further integration into the socialist world. Along with the integration signs of discord and tension emerged in DPRK’s relations with the socialist countries after the mid-1950s. The changes in the Soviet Union would have a significant impact on North Korea. They created ideological and political cleavages between the two countries. North Korea’s divergence from the socialist (Soviet) system began with ideological differences over the process of de-Stalinization in the Soviet Union and re-Stalinization in North Korea.

286 Leffler, 84-87, 95
Failure of de-Stalinization

The political purges after the war strengthened Kim Il Sung’s hand, but, as we shall see, external and internal events in 1956 challenged his authority. The domestic faction was undermined during the Sixth Plenum of the CC of the KWP in August 1953 and the demise of Pak Hŏn-yŏng. The Yan’an and the Soviet factions did not have leading figures to challenge Kim Il Sung. Pak Il-u (Yan’an) was demoted and Hŏ ka-i (Soviet faction) committed suicide. The party which was dominated by Kim’s guerrilla group criticized the Yan’an faction in 1955.287

As the criticism of Stalin’s personality cult began in the Soviet Union in 1955, the North Korean leadership started to feel the pressure of the de-Stalinization campaign and the idea of peaceful coexistence with the West.288 The changes in the Soviet Union made Kim Il Sung wary of the Soviet faction in the KWP as a potential danger to his authority. It was not by chance that Soviet faction members first raised the issue of a personality cult in 1955. Their position was exacerbated also by opposing the promotion of Cho’e Yong-gŏn, a former guerrilla and one of the most trusted of Kim’s associates, to the five-member Political Council (which supervised the Standing Committee or the presidium – the governing body of the CC) of the KWP before the April Plenum in 1955. Kim began to target the Soviet faction by the end of 1955 and allied himself with the Yan’an faction. He also exploited competition between the two factions.289 At a meeting of an “extended presidium” of the CC on December 28 1955, Kim Il Sung delivered a speech titled “About the Elimination of Formalism and Dogmatism in Ideological Work and

287 Sŏ Tong-man, 497, 504, 508
288 Yi Chong-sŏk, 1995, 269
289 The attack on Soviet Koreans (Pak Ch’ang-ok, Ki Sŏk-pok, Pak Yŏng-bin, Chŏng Yul, and Chŏng Tong-hyŏk) started at the December Plenum in 1955 for “incorrect policy” in literature. Han Sŏl-ya accused them of “factional, splitting activity.” Kim Yŏl, another Soviet faction member, was excluded from the CC for financial mismanagement.

Andrei Lankov, Crisis in North Korea: The Failure of De-Stalinization, 1956, Honolulu: University of Hawai’i Press, 2005, 26, 30, 32, 37
Establishing *Chuch’e,*” in which *Chuch’e* first appeared as a new political term, although it was later defined as the regime’s main ideology. The speech was not published (likely because of sensitivity to Soviet-North Korean relations) and was only distributed among party organizations. The anti-Soviet faction thrust was clear as Kim criticized the glorification of Soviet (Russian) heritage at the expense of Korean traditions.290

The Third Congress of the KWP in April 1956 tried to respond to the 20th Congress of the CPSU and the changed situation in the Soviet Union and Eastern Europe. At the end of the Three Year Plan and on the eve of the Five Year Plan, the DPRK was still too dependent on the Soviet Union in the fields of security and economy to deviate openly from the unwanted for Kim Il Sung de-Stalinization line in Moscow. At this time North Korean regime’s strategy was political “appeasement” of the Soviets and continuation of the vital economic cooperation with socialist countries.

At the congress Kim Il Sung addressed the first Five Year Plan and the tasks for socialist-building in North Korea. Then he tackled the “personality cult” issue of Pak Hŏn-yŏng. It was a remarkable approach – both addressing the cult issue (thus appearing to follow the Soviet policy line) and attacking domestic foes, at the same time. This political spectacle was played out in front of the socialist world. There were thirteen foreign delegations from Communist parties – the first foreign guests at a Korean party forum after the war – and their presence created a sensation.291 Kim defined the personality cult in the following way:

“Many leading workers and members of the party, subdued by the harmful influence

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290 In the writings of nationalists before Kim’s speech, the term *Chuch’e* (main body, subject, core) and related *chuch‘esŏng* came to connote Korean uniqueness.
Ibid., 40-42, footnote 29

291 The delegations were from the Communist parties of the Soviet Union, China, Mongolia, Vietnam, and East European countries (the GDR, Poland, Czechoslovakia, Hungary, Bulgaria, Romania, and Albania) plus Indonesia and Japan.
AMFABG, Opis 8, papka 60, 594, Monthly report from the Bulgarian embassy in the DPRK, April 1956, ambassador Radenko Grigorov, Pyongyang, May 12, 1956, 85
of sectarianism, worshiped the role of the person. They valued the intellect of individuals higher than the collective wisdom and recklessly following them could not realize their mistakes. They saw only the positive aspects in those mistakes and failed to launch a battle against them.\footnote{Ibid., 85}

There was not a word about the chief culprit for the personality cult in the party – Kim Il Sung – in his own speech or in the speeches of the participants. On the contrary, speakers at the congress stressed that during the most severe conditions during the war the Central Committee of the KWP convened plenums which discussed critical problems and upheld the collective approach, statements which were in harmony with Soviet post-Stalinist politics. The party thus managed to lead the working people during the peaceful and wartime periods.\footnote{Ibid.}

Kim’s personality cult was widely spread at that time. The Leader, Marshal Kim Il Sung, and the “father” (custodian) was quoted daily in the media which emphasized his role in the successes of the Korean people. Kim Il Sung and the delegates at the congress tried to respond to the 20th Congress of the CPSU. They emphasized the “creative application” of the Marxist-Leninist ideology to the specific reality of the DPRK, taking into account its history, economy, culture, customs, etc.\footnote{Ibid., 86} At the same time, the KWP made some “concessions” to the Kremlin’s de-Stalinization policy. The title “Leader” (Suryŏng) could no longer be used, even though it was an expression of love and respect. However, the congress’ decisions did not lead to a change in Kim’s grip on power.\footnote{Ibid., 210}

Dissatisfaction with Kim’s personality cult gained momentum among some North Korean officials, notably the Soviet Koreans. While formally abiding by the “socialist internationalism” rules, that is, the Moscow line, the congress rejected the call for de-Stalinization and threw sand in the eyes of those opposed to a personality cult by blaming Pak...
Hŏn-yŏng and other unspecified party members. The failure of de-Stalinization initiated a wave of purges in the party. But dissent among the dissatisfied (and demoted) party members was brewing and de-Stalinization became a tool for a revolt from within.

The most serious challenge to Kim Il Sung’s authority came in the summer of 1956. Some scholars explain the challenge to Kim’s power as a Soviet plot organized by the Soviet ambassador in Pyongyang, V. I. Ivanov, who instigated opposition against Kim.296 This interpretation is not likely since the ambassador was absent at that time from Pyongyang and the Soviet embassy learned about the plot sometime in July (only few weeks before the August Plenum).297 Another explanation of the Soviet embassy’s involvement is that Soviet officials acted as intelligence sources and go-betweens for the Soviet and Yan’an factions, who launched

296 Yi Chong-sŏk, 1995, 276
This view is developed by the author in more recent studies. According to Yi, Ambassador V. I. Ivanov suggested to Ch’oe Ch’ang-ik from the Yan’an faction (he attended an elite Moscow party school, 1947-1950) to remove Kim Il Sung as party leader and leave him the position of Prime Minister, so Ch’oe would become party chairman. But Ch’oe hesitated. Ivanov related the Soviet hopes (of Kim’s dismissal) to Pak Ch’ang-ok and the Soviet faction members. The Yan’an faction gave tacit approval of their plan to ouster Kim; Chinese officials probably knew about the movement in advance. At a meeting in Moscow in November 1957 Mao apologized to Kim for the August 1956 Chinese political intervention in North Korea – a tacit acknowledgement of China’s role in the failed attempt to ouster Kim. Yi Chong-sŏk, 2001, 211-212, 217
297 Andrei Lankov describes the communication between North Korean officials and the Soviet embassy in his recent study.

The Soviet embassy learned about the plot through Kim Sŭng-hwa, Soviet faction member and a minister of construction, who visited the embassy on July 10. Kim told charge d’affaire A. M. Petrov (ambassador V. I. Ivanov was absent) about “widespread dissatisfaction” among North Korean officials who were critical of Kim Il Sung’s personality cult. Yi P’il-gyu, a Yan’an faction member and head of Department of construction materials, also visited the Soviet embassy on July 14 and during a meeting with Petrov harshly criticized Kim’s personality cult.

Yi also revealed about the existence of anti-Kim group. In a memo to the ambassador Petrov wrote: “Since he [Yi] and his supporters are acting as revolutionaries, they will be supported by the revolutionary elements of the Chinese People’s Volunteers.” Pak Ch’ang-ok (leader of Soviet Koreans after the death of Hŏ Ka-i) visited the embassy on July 21 and informed councilor S. N. Filatov about the challenge against Kim Il Sung during the Plenum in August. Cho’e Ch’ang-ik, acting leader of Yan’an faction after the fall of Pak Il-u, visited the embassy July 23 and told Filatov about the session of the Standing Committee of the KWP July 21 (Kim Il Sung reported about his visit of Eastern Europe) and confirmed the pending attack against Kim Il Sung. Kim Sŭng-hwa again visited the Soviet embassy on July 24 and informed about conversations with Kim Tu-bong” for possible censure of Kim Il Sung.

Lankov, 2005, 78-79, 82, 84-85; Baek Chung-ki. Stanovlenie polititcheskoi sistemy v KNDR i rol’ SSSR posle koreiskoi voiny (The Formation of the Political System of the DPRK and the Role of the USSR after the Korean War). Moscow: Moscow University Press, 1997,154-155
a campaign against Kim Il Sung.\footnote{Sŏ Tong-man, 557} It is true that the conspirators frequently informed the Soviet embassy about the plot on the eve of the August Plenum, but there is no evidence to support the argument of a direct Soviet role in organizing the conspiracy. Rather, it seems Soviet officials gave their tacit approval to developments in North Korea which were influenced by the de-Stalinization drive in the Soviet Union.

Moreover, those who were against the plot also communicated with the embassy. Nam Il, a prominent Soviet Korean who remained loyal to Kim (along with Pak Chŏng-ae and Pang Hak-se – the chief of secret police, from the Soviet faction), told charge d’affaires A. M. Petrov about the plot and that Pak Ch’ang-ok had attempted to lure him into the anti-Kim group. Kim Il Sung himself used the embassy to outmaneuver his opponents by postponing the plenum and giving misleading information about the date in an attempt to confuse the opposition (knowing probably that the information would reach the plotters through the embassy).\footnote{Nam Il even asked Soviet charge d’affaires Petrov if he should inform Kim Il Sung about the plot. Petrov answered that it was up to Nam Il but advised him not to mention the names of plotters if such a meeting took place (it is unclear if Nam Il met Kim on this issue). Nam Il and Pak Chŏng-ae, both Kim’s “loyalists,” met Petrov on July 28. Lankov, 2005, 86-87} The Plenum convened on August 30-31, though the date for the meeting was announced only a day earlier. Petrov even cautioned Nam Il that a sharp criticism of Kim Il Sung by the Soviet Koreans might cause an “unwanted” reaction internally and internationally and he suggested it would be beneficial to influence somehow Pak Ch’ang-ok and the other Soviet Koreans to withdraw their criticism of Kim at the Plenum.\footnote{Baek Chung-ki, 159, 163} The Soviet representatives probably reckoned the slim chances for success and might also have feared a backlash against the Soviet Koreans and negative consequences for Soviet-North Korean relations.

The party’s internal opposition used Kim’s visit to Eastern Europe in June 1956 as an
opportunity to prepare their attack against him during the August Plenum of the KWP. During Kim’s meetings in Moscow, the Soviet leadership demanded that Kim criticize the North Korean personality cult in lieu of the de-Stalinization campaign in the Soviet Union and Soviet prodding of similar activities in the East European countries. Kim agreed to “accept [his] comrades’ criticism.”

Kim’s trip to the USSR and Eastern Europe was vital for the implementation of the Five-Year Plan in terms of securing aid and other economic assistance, and Kim must have felt he had little choice but to accept the Soviet terms. It is another matter how far his promise was realized. There were some lukewarm efforts to please the Soviet ally in the North Korean media. This was an example of how Kim resented deeper integration into the socialist system which became synonymous to a threat to his authority at home.

For example, at the August Plenum, devoted formally to the outcome of Kim’s visit to the USSR and Eastern Europe, Kim Il Sung tackled the thorny issue of the personality cult in an attempt to appease his Soviet brethren. In the first part of the speech, Kim addressed economic issues, including the implementation of the Three Year reconstruction plan and the preparation of the first Five Year Plan to start at the beginning of 1957. The latter plan was connected to North Korea’s integration into the socialist economies and the international division of labour. Kim Il Sung told the plenum:

“In preparation of the Five Year Plan we are obliged to take into account the fact that economic ties and cooperation develop among the socialist countries and that we have to develop industries on the basis of a division of labour and our natural resources. At the same time in order to develop the economic relations with these countries we have to draft the plan from the view point of expanding the sources of

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301 Sŏ Tong-man, 555
302 An editorial of Rodong Sinmun (August 1, 1956) was the North Korean answer to the decision of the CPSU for “overcoming the consequences of the personality cult.” Furthermore, in an interview with an Indian journalist, Kim Il Sung referred to the “denouncement of personality cult” and remarked that the struggle of the CPSU with the results of the cult was proper. In a similar fashion, at the Eighth Congress of the Chinese Communist Party in September, all references to “Mao Zedong thought” disappeared. Ibid., 560, 565, 566
foreign currency earnings and their effective use.”

Kim was still in favour of socialist cooperation, confirming the integration of North Korea’s economy into the socialist system. The North Korean leader also felt compelled to address the personality cult issue, albeit in an ambiguous fashion, as he had done during the Third Congress. Responding to the 20th Congress of the CPSU, Kim acknowledged that “to a certain extent” there was a personality cult in the DPRK during the March plenum (1956) of the KWP. He remarked in front of the August plenum:

“The personality cult in our country was displayed mainly in praising the role and achievements of certain persons [my italics] in the field of our party ideological work. As a result, we witnessed formal proclamations such as “to live” and not well justified appeals. As for the learning subject titled “The Struggle of the Korean Worker’s Party for Unification and Independence of the Fatherland and the Democratic Construction of the Country,” there were exaggerations of the role of certain people who emulated mechanically the short course of the history of the CPSU. However, this did not affect negatively our collective leadership of the CC of the KWP, which was upheld as the supreme principle in party leadership and the general line and policy of our party.”

Kim managed to win over neutral party figures after he promised to correct mistakes, downsize the cult, and give dissatisfied officials bigger role. The opposition at the August plenum voiced criticism that the Third Congress of the KWP was not conducted in the spirit of the decisions of the 20th Congress of the CPSU with regard to the personality cult. Sŏ Hwi, trade union leader, and Yun Kong-hûm, minister of internal trade, were among the most vocal critics at the plenum. They asserted that the personality cult had negative consequences in the party and administration work and that if no measures were taken there would be a repeat of the Poznan incident (a reference to disturbances in the Polish city which precipitated an anti-government movement). Kim’s supporters sabotaged these speeches by continually interrupting the

303 AMFABG, Opis 8, papka 60, 594, Report from the Bulgarian embassy in the DPRK, ambassador Radenko Grigorov, Pyongyang, October 26, 1956, 2
304 Ibid., 3
305 Lankov, 2005, 127
opposition speakers. They were prevented from speaking to the end. Ch’oe Yong-gŏn somehow knew about an upcoming internal revolt and took measures to block the anti-Kim tide. Kim’s supporters overcame the challenge and purged the leading opposition figures by excluding them from the party.\textsuperscript{306}

Another account points to Yun’s statement that a “police regime” existed in the party. Ch’oe Ch’ang-ik, Pak Ch’ang-ok, and Yi P’il-gyu also addressed the plenum but were rebuffed. Yi was expelled from the party, Cho’e – from the Standing Committee (Politburo) of the CC, and Pak – from the CC. Ch’oe Ch’ang-ik also criticized Kim at the meeting of the Standing Committee preceding the plenum, accusing him of manipulating the state and party power with hidden hands. He also criticized the party policy of industrialization while people were starving and said it would be better to use fraternal aid to improve the livelihood of people. Kim countered that the party could not base policy on the needs of the day as the South Koreans were doing with the American aid. Besides the divide on the issues of the industrialization policy and personality cult, the crisis in 1956 revealed a conflict of two broader policy orientations within the KWP. Kim’s camp represented a nationalist, more independent, but also repressive policy, while the opposition embodied a more internationalist, open-minded and liberal line. However, the opposition remained isolated and did not enjoy support in society except among a small group of intellectuals, academics, and some cadres who were exposed to the outside world.\textsuperscript{307}

\textsuperscript{306} The decision of the plenum stated that the opposition group was preparing to attack the leadership for long time and that the CC was aware of this before the plenum. Discontent of the positions held by the plot leaders was pointed to as the main reason for their opposition activities. The plot organizers started to talk against Kim Il Sung behind the scenes and became more active during the government delegation visit to Europe. In many cases they hindered the implementation of party and government decisions. As for Ivanov’s attitude, the report pointed that the Soviet ambassador was very worried and told the Bulgarian ambassador that the situation was “very serious.” This account confirms the argument that there was no direct Soviet involvement in organizing plot to oust Kim Il Sung.

AMFABG, Opis 8, papka 60, 594, Report from the Bulgarian embassy in the DPRK, ambassador Radenko Grigorov, Pyongyang, October 26, 1956, 5

\textsuperscript{307} Lankov, 2005, 123, 221
The two camps in the KWP represented also the integration and divergent bents in North Korea’s policies. Kim’s triumph seemed to signal a deviation from the Soviet-led socialist system.

The Yan’an members who escaped to China after the August plenum did not have any intention of returning, fearing repression despite their reinstatement as members of the KWP after the Sino-Soviet intervention at the September plenum. The Hungarian events in October 1956 helped Kim Il Sung overcome the domestic crisis. The purge prompted coordinated Chinese and Soviet intervention through dispatching special envoys Anastas Mikoyan and Peng Dehuai to Pyongyang and forcing another Plenum in September. Kim backed down and reinstated the dismissed figures, including Ch’oe Ch’ang-ik, and Pak Ch’ang-ok, but he managed to survive the pressure. Perhaps Soviet and Chinese officials did not intend to replace Kim. Once they figured out that he was well fortified within the KWP, they conceived of the dismissal of Soviet and Yan’an members as a blow to their influence in North Korea. The Soviet intervention had its roots in the de-Stalinization campaign in the Soviet Union, but the Chinese had more complicated reasons for their intervention.

Chinese policy was ambiguous in Eastern Europe. During the Hungarian uprising, Mao

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308 Those who exiled in China after the August plenum were reinstated as party members. According to the Chinese ambassador in Pyongyang, the North Korean side did not take steps to secure their return and informed his Bulgarian colleague that they were CCP members before the Liberation of Korea. The exiles also stated that they did not want to return to North Korea under any circumstances, according to the deputy minister of foreign Affairs of the DPRK Yi Tong-gyōn. AMFABG, Opis 8, papka 60, 594, Report from the Bulgarian embassy in the DPRK, ambassador Radenko Grigorov, Pyongyang, October 26, 1956, 5

Big portion of the opposition escaped prosecution. Five of the eight high-ranking officials who were part of the conspiracy (accruing to the Soviet embassy account: Ch’oe Ch’ang-ik, Yi P’il-gyu, Yun Kong-hûm, Sô Hwi, Pak Ch’ang-ok, Kim Sûng-hwa, Yi Sang-jo, and probably Kim Tu-bong) fled either to China or the Soviet Union. Yi P’il-gyu, Yun Kong-hûm, Sô Hwi fled to China. Kim Sûng-hwa left for the Soviet Union. Many Soviet Koreans were even encouraged to leave North Korea between 1959 and 1961 Around 150 Soviet Korean cadres left North Korea in the 1950s. Pak Ch’ang-ok was made deputy director of sawmill and Ch’oe Ch’ang-ik became a manager of state pig farm. Lankov, 2005, 132, 192

309 Yi Chong-sŏk, 1995, 279
had pushed for military intervention by the Soviets, which actually happened, while in the Polish case the Chinese blamed “Great Power chauvinism” for the crisis. Mao told the Soviet ambassador in Beijing that China would oppose any Soviet military intervention. According to Lankov, the reason for this inconsistency was China’s own agenda which from mid-1950s aimed at a central role in the international communist movement. In short, if a change of leaders suited Chinese objectives they would support it. Mao considered Kim’s replacement in 1956 as it would help him enhance China’s international role (by relying on China’s supporters in Pyongyang such as the Yan’an faction). The personality cult was a convenient ideological screen for a move against Kim. The North Korean leader disregarded Mao’s instructions during the war and this was not forgotten either, while the personal dislike between Kim and Peng Dehuai, commander of the CVA, was also well known. And the purge of Pak Il-u, “Mao’s man” in North Korea, contributed to Mao’s determination to replace Kim.³¹⁰ Probably Mao viewed Kim as a “Kremlin man,” and not without some justification since the Soviet Union and North Korea experienced a honeymoon in their relations in the postwar years. Some scholars have even called North Korea an “Asian Bulgaria” and “true Soviet satellite” in the 1950s, despite the presence of Chinese forces in North Korea.³¹¹ There was some truth in this definition, but Kim pursued his own agenda too. The North Korean leader built his power structure through the establishment of nationalist policies. The DPRK was too dependent on the Soviet Union during the reconstruction period to have an open disagreement. The Chinese view of Kim changed favourably, of course, when the DPRK sided with China in the Sino-Soviet dispute.

³¹⁰ Lankov, 2005, 113-115
Korea. In the DPRK, the period from 1956-1960 was an era of violence against the Yan’an and Soviet factions which led to their demise and the consolidation of the power of the guerrilla faction and the personal power of Kim Il Sung. North Korea not only undertook a lukewarm de-Stalinization effort, but also launched an active de-de-Stalinization campaign in the fall of 1956. This development suggests that while economic cooperation with socialist countries continued in earnest during the Five Year Plan, the North Korean regime started to carve its own space in the sphere of ideology through a process of re-Stalinization after 1956.

The economic integration was accompanied by ideological divergence from Soviet bloc. Nevertheless, the politics and economics gradually “caught up” with ideology as the DPRK pursued more nationalist and isolationist economic policies. North Korea’s divergence from the Soviet Union was accompanied by increasing emulation of Chinese concepts and practices, which represented a form of internal integration into the Chinese system (China diverged from the Soviet model in the late 1950s, too). The DPRK’s internal integration into the Chinese system was coupled by external integration through enhanced Sino-North Korean political and economic cooperation.

**Repressions**

In October 1956, the attacks against the conspirators for “revisionism” resumed in *Rodong Sinmun*. Kim Il Sung started an offensive against the “opposition faction” in mid-November.\(^{312}\) This attack coincided with resistance against collectivization in South Hwanghae province. The North Korean propaganda stepped up against the “anti-party clique” and “anti-revolutionary” forces. The repressions increased after 1957. On 30 May 1957, the Standing Committee of the CC (politburo) enacted measures against the “anti-revolutionaries.”

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312 Sŏ Tong-man, 568-569
decision was entitled “On the Transformation of the Struggle with Counterrevolutionary Elements into an All-people All-Party movement” known as the “May 30 Resolution.” 313 The March Plenum in 1957 was marked by the inauguration of the Five-Year Plan and the battle against the “anti-party faction” and for “party unity.” In July 1957, the SC decided to carry out purges and check loyalties of party members. Kim’s associates identified an “anti-revolutionary riot conspiracy” in the armed forces in March 1958, which served as a pretext for purges, particularly of the Soviet and Yan’an factions. 314 “Criticism meetings” (members of party organization/cell criticized and even physically abused the victims, normally on a daily basis) and “ideological examinations” spread in the organizations of the KWP under Maoist influence. The victims of purges were accused of connections with Ch’oe Ch’ang-ik and Pak Ch’ang-ok (who were arrested by September 1957). There was a report that between July 1957 and July 1958 3,912 members were expelled from the KWP. 315

The purges in North Korea between 1957 and 1959 bore resemblance with the Chinese Anti-Rightist Movement, which followed the One Hundred Flowers liberalization campaign from 1956 to 1957. Interestingly, Khruschev also purged key opponents – Molotov, Kaganovich, and Malenkov, who were associated with Stalin, in June 1957. Todor Zhivkov, who rose to power in Bulgaria on the wave of the anti-Stalinist campaign across Eastern Europe also purged key rival party leaders in 1957, including the deputy prime minister Georgi Chankov. However, the repression in North Korea entailed a more encompassing and long process of political “cleansing.”

The counter-revolutionary campaign intensified after 1959 when the regime set up a special section at the CC of the KWP, headed by Kim Yŏng-ju (Kim Il Sung’s brother), which

314 Sŏ Tong-man, 803, 805; Scalapino and Lee, 622, Szalontai, 116
315 Lankov, 2005, 150, 153, 169
involved an army of 7,000 functionaries. The “puritan” organ categorized society for the first
time in three major groups – “hostile forces,” “neutral forces,” and “friendly forces,” based on
family origins. As a result of the counter-revolutionary campaign, 2,500 people were executed
between 1957 and 1960. The regime imposed relocation and virtual isolation of untrustworthy
people as well. According to Decree No.149, the government prohibited people linked to the
“hostile forces” to reside in the border and coastal areas or within 50 km perimeter from
Pyongyang and 20 km from other cities.\textsuperscript{316}

The North Korean regime placed tighter controls against ordinary citizens who had been
unaffected by the repressions. The Pyongyang’s government organized the population in
“people’s groups” (\textit{inminban}) – a form of collective responsibility. The head of the people’s
group (consisting of between 20 and 50 families) was responsible for every event in the locality,
and group members had to report their movements to the head.\textsuperscript{317} The restrictions of movement
and the social and political controls would further tighten in the 1960s. These developments
were one of the distinctive features of North Korean socialism. The controls which began in the
late 1950s and early 1960s surpassed both Soviet and Chinese experiences.\textsuperscript{318}

In April 1958, Kim Il Sung explained at a meeting with socialist ambassadors in
Pyongyang the tumultuous events in the party in 1956 with “imperialist forces” which arose

\textsuperscript{316} Lankov elaborates that the division into near hereditary groups according to social origin bore resemblance
with Maoist practices. One can also link this pattern to the hierarchical social divisions in Korea’s Confucian
past. Also, the relocation campaigns were similar to Soviet “101 rule” which meant that former prisoners or
untrustworthy elements were not allowed to reside within 100 km from Moscow or Leningrad. Recalled North
Korean students from the Soviet Union in the end of the 1950s were gathered in detention camps and went
through ideological “check-up” and the effect of Khrushchev’s liberal policies in their thinking. The more
reliable ones were sent to villages for “labour re-education” and then they could practice profession. The
untrustworthy students were imprisoned or shot.
See Andrei Lankov, \textit{KNDR vchera i segodnia; neformal’naia istoria Severnoi Korei} (The DPRK Yesterday
and Today: Informal History of North Korea). Moscow: Vostok Zapad, 2005 (thereafter 2005 (b)), 224-226,
241
\textsuperscript{317} Ibid., 243
\textsuperscript{318} The control on movement of people was typical in Eastern Europe too. For example, visitors had to register in
logbooks (in which residents were listed) at certain locality when they stayed for some days. But the extent and
scale of controls in North Korea were unmatched.
after the 20th Congress of the CPSU and the Hungarian disturbances. At the August 1956 plenum the KWP had exposed “the factionalists,” Kim explained, but the September Plenum had shown “leniency” toward them. However, at the conference in March 1958 the party “beat” and “denounced” them. Kim legitimized these policies through the concept of class struggle:

“We have to apply Leninist principles. He teaches us that the party interests must be above personal interests. The [factionalists’] wrong understanding should be revealed in this struggle, that the personal interests do not stand above the working class. The leading [party] workers have to know how to strengthen the Marxist-Leninist views. The factionalists do not recognize the leading role of the party or democratic centralism. The flag of the factionalists is opportunism. Some of factionalists think that the Presidium of the Supreme People’s Assembly is above the Party and it should lead. Others think that the Party does not lead the People’s army and that it is led by the Fatherland Front; others think that the trade unions are above the Party. Others talked that the Party rudely interfered in the administrative apparatus. All of them [factionalists] reject the leading role of the Party, and thus the leading role of the proletariat. In Southern Hwanghae, the chairman of the provincial committee established the so called “Flag’s active members.” Many former people [owners] entered in it and from there into the state administration. Therefore, he did not conduct the class struggle and is from the group of factionalists. Some prosecutors exonerated people who tried to flee to South Korea; therefore, they do not conduct class struggle.”

Kim’s lieutenants blamed the factionalists (revealed at the August Plenum in 1956) for not throwing away “the factionalist fight” and even accused them of preparing an “armed plot” against the party and state leadership. The Party conference in 1958 dismissed Ch’oe Ch’ang-ik, Kim Tu-bong, Pak Ch’ang-ok, and six other key party members from the CC of the KWP. From early 1958 Kim’s group presented the August incident as large-scale conspiracy and an attempt at armed revolt. A secret trial in January 1960 convicted twenty defendants and gave them the death penalty (including Ch’oe and Pak). Fifteen others were given long prison

319 AMFABG, Opis 14, papka 35, 516, Report from the Bulgarian embassy in the DPRK, The Political and Economic Situation in the DPRK, ambassador Tsolo Krustev, Pyongyang, April 12, 1958, 6
320 Furthermore, Kim also cited an example of a priest who was exonerated. “Therefore, these people are factionalists; they do not conduct class struggle.”
Ibid.
321 Ibid., 7
terms.\textsuperscript{322} The purges in the second half of the 1950s were part of an internal process of consolidation of Kim’s power, but his political “survival” in 1956 ironically can be attributed partially to the Kremlin’s de-Stalinization strategy in foreign relations.

Khrushchev’s new line of “noninterference in the domestic affairs of fraternal countries” was a slogan, but also one with substance.\textsuperscript{323} Indeed, Moscow had tried to meddle in North Korean affairs in 1956, but it was a half-hearted attempt to get rid of Kim as the main culprit in the personality cult. Besides, the concerted Sino-Soviet attempt to interfere in September 1956 was mostly a result of the fact that Kim’s “counter-attack” in August targeted party members associated with Soviet and Chinese influence in the KWP. It is telling that the Chinese and Soviet objective in September was not to eliminate Kim, but to restore to positions of influence deposed party members. The two giant neighbours appeared to have perceived the purge of members from the Yan’an and Soviet factions as a direct challenge to their power. It is hard to imagine a similar situation during Stalin’s era. Disobedience to Stalin would have had more far-reaching consequences, including “expulsion” from the socialist family (the Yugoslav leadership learned well what Stalin’s chagrin was). And the new more liberal atmosphere in the socialist world helped Kim Il Sung get rid of any opposition without gravely endangering his standing with the Kremlin. He eventually distanced North Korea from the Soviet Union and sided with China, but the cooling of relations with Moscow might not have occurred (at least to such a degree) without the unfolding Sino-Soviet dispute.

Kim’s survival of the de-Stalinization “wave” was not unique in the socialist world. The leaders of Czechoslovakia, Albania, and Romania softened the blow of de-Stalinization by making small concessions, and Romania and Albania even returned to the Stalinist paradigm in

\textsuperscript{322} Lankov, 2005, 165, 169, 171
\textsuperscript{323} Ibid., 21
the 1960s. Reporting on his visit to Eastern Europe, Kim Il Sung remarked at a session of the
Standing Committee in July 1956 that one of the main “mistakes” of the Polish leaders for the
crisis was letting people know “too much about the decisions of the 20th Congress regarding the
personality cult.”

Hungary also lacked a “firm hand” as Rakosi was an “old and weak
leader.” Vulko Chevenkov, who fell from power in Bulgaria, did not participate in the
revolutionary movement and lacked experience in party and state building, according to Kim.
Kim insisted that the best leadership was to be found in Albania and Romania. Probably a
similar failure of de-Stalinization was one of the major reasons for North Korea’s subsequent
warmer relations with these two countries despite the fact that Albania and Romania stood on
opposing sides in the Sino-Soviet conflict.

In other words, de-Stalinization in the Soviet Union and other East European countries
set in motion North Korea’s ideological divergence through re-Stalinization. At the same time,
the DPRK found more common ideological and political ground with countries which also
retuned to Stalinist roots (Romania and Albania). This “diversification” of political processes in
socialist countries indicated to an extent the “loose” hand by Moscow (the events in East
Germany in 1953 and in Hungary and Poland in 1956 occurred in the post-Stalin era) and that
the socialist world entered a more uncertain and less unified (controlled) stage. But these tragic
events also indicated the limits of the Kremlin’s tolerance: if the socialist system and loyalty to
the USSR was endangered, the Soviets would intervene with force if necessary.

The DPRK appeared to be “safe” against Soviet direct intervention for two main reasons.
First, Pyongyang’s deviation was toward Stalinization and not liberalization, which seemed to
suit better Soviet interests by keeping North Korea firmly on the side of world communism and

324 Ibid., 89
325 Baek Chung-ki, 157
away from capitalism. Second, there was the China factor. Stalin did not dare authorize the start of the offensive against the South without consultations and consent from Beijing. Similarly, the new Soviet leadership was reluctant to intervene in North Korea without Chinese involvement. The joint Sino-Soviet intervention in 1956 is one example in this regard.

In the meantime, new elections for the Supreme People’s Assembly were held in August 1957, the first in nine years. Of the 215 SPA members, eleven were top military officers and six of them were from Kim Il Sung’s guerrilla faction. The economy was a top priority in the postwar reconstruction years. And as a result, the army’s priorities were overshadowed by economic concerns. Discharged servicemen formed camps in villages – “people’s bases.” The ratio between northerners and southerners in the KWP reached 4:1, which was a natural trend, given the political consolidation in the two Koreas. The party control of the military strengthened. The KPA party committee was established at the March Plenum of the CC in 1958. The peak of socialism was interpreted as a Charyŏk kaengsaeng (rebirth through own efforts) – a sign of Chinese influence and at the same time a continuation of the Chuch’e line. This policy was a “simultaneous advancement of defence and economy,” which was reflected in the concept of the Five Year Plan. Kim’s glorification reappeared toward the end of 1958 when “rooms for study of the Great Leader Marshal Kim Il Sung’s revolutionary activities” started to spread. In North P’yŏngan province, for example, there were 863 of these rooms by 1958.

The KWP declared its Fourth Congress in September 1961 a “victorious congress.” Kim Il Sung announced the completion of socialist building in North Korean towns and villages. The guerrilla group was in firm control of the party, government, and army. Of the 53 party’s CC members, 30 were from the guerrilla faction (14 of them military officers). Other factions were

326 Sŏ Tong-man, 586-596
327 Ibid., 806, 826
328 Lankov, 2005, 200-201
largely marginalized. Ch’oe Yong-gŏn and Kim Il followed Kim Il Sung on the top of the political hierarchy. The military had an apparent presence in the upper echelons of the North Korean power structure usually connected to the guerrilla faction. Among the nine members of the guerrilla faction, six were military officers. The army was well under the party’s control. In the army the supreme decision making body became the Military Committee of the KWP. In industry the penetration of the party on provincial, county, and factory levels began in September 1958.

The formalization of party control in factories took two years. In December 1961, the introduction of the position of supervisor for each factory reinforced the economic section of the provincial party committee. The party-state link ensured party control over army, factories, and farms. The party control system in industry penetrated the production team level. The socialist system took shape in 1961 and the changes after that only strengthened the structure. The “victorious congress” stated that the food problem was resolved.

It appears that the North Korean leadership linked socialism to the rationed food supply. If we refer to Lenin’s definition of socialism as “soviets plus electricity” we can define North Korean socialism as “uniforms plus food.” The uniform points to a militarization of society at which pinnacle the guerrilla faction affirmed its grip on power. This represents North Korean uniqueness in the process of socialist building. Provision of subsistence food was a priority for the Chinese government (“bowl of rice” for everyone), too, but China did not reach North Korea’s level of militarization in the 1960s. Given the hardship and starvation, the North Koreans understood food as a minimal egalitarian provision. After going through the ordeals of

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329 Sŏ Tong-man, 788-789, 796-797, 914
330 Ibid., 915
331 The Congress reported that the harvest of 1960 represented an increase of 32 percent over the 1956 harvest. Ibid., 790, 918, 921, 925, 930
colonization and the Korean War, the availability of minimum food for everyone was considered an achievement in its own right. The southern brethren did not do better at that time. On the contrary, many of them continued to battle hunger through the 1960s.

_Sino-Soviet dispute and North Korea_

The Sino-Soviet relationship and increasing competition between the two powers in the late 1950s had an enormous impact on North Korea’s political course. We mentioned how disagreements over military supplies and the level of the Soviet involvement during the Korean War (insufficient from the Chinese perspective) laid the ground for frictions later on. The Rectification campaign in China in early 1957 caused ideological friction between the USSR and the PRC. In an atmosphere of deepening schism, both sides tried to woo North Korea. The North Korean leadership used this competition to increase North Korea’s autonomy.\(^{332}\)

The Sino-Soviet conflict deepened in 1957, despite Mao’s visit to Moscow for the 40th anniversary of the October revolution. The issue of contention became the concept of “peaceful coexistence,” put forward by the Soviet leadership.\(^{333}\) Peaceful coexistence was too benign in the eyes of the Chinese revolutionaries, who believed that a clash with capitalism was inevitable. Until the end of the 1950s, North Korea did not take sides in the dispute and was still friendly toward the USSR. But after 1958 the DPRK started to critique Yugoslav revisionism (the code word for criticizing Moscow).\(^{334}\) Kim Il Sung met Zhou Enlai in Beijing in December and

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\(^{332}\) Yi Chong-sŏk, 2001, 214
\(^{333}\) Ibid., 217
\(^{334}\) The Sino-Soviet conflict worsened as a result of Soviet support of the Indian position in the Sino-Indian border clashes in May and October 1959. In April 1960, China criticized Soviet “revisionism”; as long as capitalism existed there was a danger of war (Yugoslav revisionism was also blasted). The Chinese side was very uneasy not only about the concept of “peaceful coexistence” but also about the persistent criticism of the personality cult in the Soviet Union which was related to Stalin’s dictatorship. On its part, the Soviet leadership retuned the favour, criticizing China for its “dogmatism” (including Albania). Ibid., 217-218
appeared to side more openly with China on the revisionism issue as both men pledged to strengthen the international communist movement. After 1959 the North Korean leadership ordered party work against Soviet revisionism.335

A Communist conference was held in October 1960 in Moscow, where Communist parties from 81 states attended. Vietnam and Albania sided with the PRC and the conflict within the communist movement deepened. Kim Il Sung instructed the North Korean delegate Kim Il: “do not bend to the pressure from the Soviet great power,” by which Kim Il Sung indicated readiness to pursue a line distinctive to that followed by the Kremlin.336 The goal of the conference was unity within the international communist movement, but it had the opposite effect – discord and deepening cleavages.

One can conclude that in the ideological realm there was a heated dispute which threatened a serious political divide within the international communist movement, but in the security and economic realms the situation was much more complicated. The Sino-Soviet dispute was therefore part of the larger context within which the Chuch’e doctrine emerged. The idea of Chuch’e first appeared as criticism of the Soviet faction in October 1955.337 Kim Il Sung criticized “dogmatism” and “formalism.” The link between the Chuch’e idea and the criticism of the Soviet faction was not established by chance. Kim believed the increasing criticism of the personality cult in the Soviet Union after Stalin’s death was detrimental to his power. The first stage of Chuch’e formation was marked by foreign influences in the 1950s, although Chuch’e was formally formulated in 1962.338

335 Kim Il Sung visited Beijing September 28 for the 10th anniversary of the PRC. Khrushchev was also in Beijing, but the dispute with China widened (the USSR sided with India). China needed the North Korean support in this situation and the latter started to side with China.
Ibid., 219
336 Ibid.
337 Sŏ Tong-man, 520; Yi Chong-sŏk, 1995, 67, 70
338 Yi Chong-sŏk, 1995, 67, 70
The formulation of the self-reliance doctrine came at the height of a crisis in Soviet-North Korean relations, which is more evidence of one of the origins of Chuch’$e$ as a response to external factors. The Soviet influence was a prime external trigger for the self-reliance concept (the beginning of criticism against the Soviet faction in 1955 coincided with the de-Stalinization campaign in the USSR). China, in its revolutionary mode, stood closer to the North Korean brethren ideologically during the formative period of Chuch’$e$. At the same time, the self-reliance ideology became a domestic political device for the guerrilla faction’s consolidation of power. The nationalist ideology also drew on the postcolonial drive for independence and establishment of nation state. In that sense, Chuch’$e$ was also an emanation of North Korea’s longing for nationhood.

Kim Il Sung visited Moscow in November 1957 to attend the celebrations of the 40$^{th}$ anniversary of the October Revolution. Khrushchev’s criticism of Stalin and the personality cult discouraged Kim’s Chuch’$e$ line. Upon his return to Pyongyang, Kim started to weaken the Soviet faction, which he considered an obstacle to his policy. In Moscow, Kim negotiated the withdrawal of the Chinese troops from North Korea with Mao Zedong. The withdrawal of Chinese troops coincided with the attack on the Yan’an faction and the reconstruction of the KPA.\footnote{Sŏ Tong-man, 768, 770} It was not a coincidence that this happened after the Chinese withdrawal. Chuch’$e$ was not a posture; it was a genuine policy orientation, but it became also a tool to balance foreign relations and optimize the benefits accruing to the regime as a result of its relations with the USSR and the PRC.
Economic reconstruction

Heavy industry line

The Korean War left the North Korean economy in ruins. We can gauge the recovery effort in the 1950s from the scale of war destruction. It was reported that 3700 plants and factories were destroyed, along with 600,000 homes (28 million sq.m. in total living space), and 5169 theatres and cinemas. The war-time economic losses were estimated at nearly 4 billion won, or six times the national income of the DPRK in 1949.\(^\text{340}\) Therefore the aid from fraternal countries had a crucial impact on recovery efforts, which made the North Korean leadership more receptive to the Soviet economic model.

The August 1953 Plenum of the CC of the KWP made the supply of industrial equipment a priority. The Soviet Union promised one billion rubles in aid and loans to the DPRK. The Three-Year Plan (1954-1956) was influenced by the Malenkov line of balanced development of heavy and light industries in the Soviet Union and similar experiences in the East European countries. The session of the Supreme People’s Assembly in October 1953 stressed the importance of the livelihood of the people.\(^\text{341}\) This can be interpreted as the North Korean response to Soviet domestic economic policy.

Despite the purges during and in the aftermath of the Korean War, there were signs of division within the KWP on development strategy. The heavy industry line was first announced at the Sixth Congress of the KWP in 1953.\(^\text{342}\) A group of high ranking officials, including Finance Minister Ch’oe Ch’ang-ik and the director of the Planning Board, Pak Chŏng-ok, opposed the policy of heavy industry first at the Plenum of the CC in March 1954. In November

\(^{340}\) AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgi Mitov, Pyongyang, July 13, 1968, 2

\(^{341}\) Sŏ Tong-man, 604-605

\(^{342}\) Yi Chong-sŏk, 1995, 266
1954, Ch’oe Ch’ang-ik was dismissed as finance minister, and in January 1956 Pak and others were eliminated to pave the way for the heavy industry strategy. It is important to note that they voiced opposition to the official party line two years before they directly challenged Kim Il Sung’s authority. The criticism of the personality cult in August 1956 in the wake of the 20th Congress of the CPSU (which marked a turning point of the de-Stalinization process in the Soviet Union and Eastern Europe) was not only a power struggle within the KWP, but also reflected deeper policy differences.

The supporters of the “heavy industry first” line began their offensive in 1955. Although there was a decision to “expand the balanced development,” no additional investments were allocated to that end. In October 1955, Kim Il Sung lamented that if they invested in sectors like machine industry, many problems could have been solved. He also criticized the Soviet faction for dogmatism (meaning the Soviet line of balanced development) at the Plenum in December 1955. Therefore, it was probably not by chance that North Korea’s self-reliance paradigm started to emerge in the domestic political discourse the same year. Chuch’e came into existence as a deviation from the Soviet line, although it went through various modifications and other factors had an impact on its evolution. North Korea’s divergence in ideology and policy was just beginning, however, and did not affect the economic cooperation between the DPRK and socialist countries, which was at its height at that time.

The “heavy industry first” policy prevailed by August 1956. Kim Il Sung made it clear that heavy industry was a top priority for the Five Year Plan which was to begin in 1957. The Sixth Congress line for development of heavy industry was reconfirmed in 1956, but agriculture

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343 Kim Yŏn-ch’ŏl, 77, 78
344 Sŏ Tong-man, 612-617
345 Ibid.
and light industry were to be stimulated.\textsuperscript{346} The latter, however, did not translate into reality, for the heavy industrial sector absorbed the bulk of the investment. The heavy industry first line was Kim Il Sung’s decision, but there was a policy debate (probably the last) and resistance within the North Korean leadership, as mentioned earlier. However, the purges in 1956 cleared the road politically for Kim’s economic policy.

Kim Il Sung reconfirmed the heavy industry line in 1958 at a meeting with socialist ambassadors. He explained that the main task of the Five Year Plan was heavy industry, and more particularly the machine building sector. He also emphasized the chemical industry and more specifically the production of artificial fibre. Kim mentioned also the need to develop light industry and agriculture and the need to feed the population. He stated: “We will develop heavy industry in the areas which will help the development of our economy. We will secure the production of all machines for our economy except the most sophisticated equipment.”\textsuperscript{347} The weak spots in the economy were transport and technical staff (particularly “middle” technicians), among others, and special measures had to be taken during the five-year period. Another task was to increase productivity by 165 percent in industry and by 152 percent in the construction sector.\textsuperscript{348}

The sectors which received most attention and funding during the Five Year Plan were ore mining, coal mining, metallurgy, electricity, and machine building. In 1957, the plan envisioned a 22 percent increase in industrial production. Actual output recorded 44 percent; in 1958, industrial growth maintained the same rate – 48 percent – and in 1959 even reached 53

\textsuperscript{346} Yi Chong-sŏk, 1995, 266
\textsuperscript{347} AMFABG, Opis 14, papka 35, 516, Report from the Bulgarian embassy in the DPRK, The Political and Economic Situation in the DPRK, ambassador Tsolo Krustev, Pyongyang, April 12, 1958, 5
\textsuperscript{348} Ibid.
percent. As a result, the North Korean economy experienced substantial structural change in the 1950s. The share of industry stood at 47 percent in 1949. In 1953 it stood at 52 percent. It reached 60 percent at the end of the Three Year Plan in 1956 and 76 percent in 1959, while in that year the agriculture constituted 24 percent of the economy.

The high industrial growth policy was implemented through aggressive capital investment. The annual investment in industrial construction during the Five Year Plan surpassed the level of the Three Year Plan by 43 percent. Industrial investment absorbed 73 percent of all investment. Heavy industry was the main focus of the plan as it occupied 43 percent of the industrial investment. However, the breathtaking pace of industrial growth during the Five Year Plan created considerable imbalances. The December Plenum of the KWP in 1959 decided to correct the situation by declaring 1960 a “buffer year,” something which entailed balancing the production and slowing the pace of the industrial growth from 45 percent in the 1957-1959 period to 16 percent in 1960.

The supply of food and consumer products was a persistent problem in North Korea. The distribution of consumer products did not return to pre-war levels after the Three Year Plan (1954-1956). This prompted Kim Il Sung to emphasize the need to secure the livelihood for workers and employees during the Five Year Plan at the Third Congress of the KWP in 1956. The intention was to abolish the “market” supply system for light industry goods and food and to

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349 AFMBG, Opis 18, delo 33, 593, Annual trade report from the Bulgarian embassy in the DPRK, 1960, by trade attaché Simeon Christov, Pyongyang, December 29, 1960, 13

350 The structure of industry was also transformed. The machine building sector and metal processing occupied mere 3.3 percent of the industry in 1944. In 1949, they reached 8.1 percent, in 1953 – 15.3 and in 1959 – 20.6 percent. The metallurgy increased from 1.8 percent in 1953 to 6.2 percent in 1959. The textile production decreased its share from 23.7 percent in 1953 to 17.4 percent in 1959. The declining trend was common for the food production: 19.4 percent in 1949, 18.5 percent in 1953 and 15.6 percent in 1959. The electric power production experienced steady growth: 3150 million kW/h in 1956, 6908 million – 1957, 7630 million – 1958, 7810 million – 1959, and 9150 million in 1960. The DPRK produced 3000 tractors, 650,000 t. fertilizers, and 2.27 million t. cement, among other industrial products.

Ibid. 13, 14, 15

351 Ibid., 16

352 Ibid., 13, 14
establish a “distribution” or rationing system in its place. The average salary increased 2.1 times in 1956 compared to 1952 levels, but basic products were insufficient and salaries could not be fully spent on goods.\(^\text{353}\) The ration system was not only a result of socialist anti-market zeal, but also a consequence of supply shortages. The elements of a deficit economy\(^\text{354}\) took shape during the reconstruction period. It is not by chance that the ration system emerged after the Liberation when North Korea had acute supply problems. The ration system was born in conditions of deficits and offered an expedient solution, but it perpetuated the deficits (with different degrees in various sectors of economy) in the longer run because it was a distortion of market supply mechanisms.

Given the persistent shortages in the postwar period and the imbalances in favour of heavy industry during the Five Year Plan, it was not a surprise that North Korean society faced an acute crisis of consumer goods supply. However, the government tried to address the problem of light industry deficiencies by promoting local and house production. During the Plenum of the KWP in June 1958, Kim Il Sung gave instructions for the establishment of local factories. The management of light industry was divided into three levels: central, which received resources from the government; local industry, which was to use local recourses; and house production, which was to use materials from the factories.\(^\text{355}\) In 1956, the locally-controlled industry represented 14 percent of industrial production and grew to 39 percent by 1960. Of the local industry, the production of consumer products constituted 39 percent in 1959, increasing to 59

\(^{353}\) Kim Yŏn-ch’ŏl, 80-83


\(^{355}\) AFMBG, Opis 17, delo 38, 628, Report from the Bulgarian embassy in the DPRK, briefing for the foreign diplomats, ambassador Georgi Bogdanov, Pyongyang, April 3, 1961, 7
percent by 1960.\textsuperscript{356}

Despite the political euphoria of the heavy industry line and socialist bent toward state controlled industries, the North Korean leadership could not ignore the supply problems and attempted to diversify the production of consumer goods on the local level, showing some flexibility in the organization of production. At the same time, the centrally controlled distribution and ration system stifled local production. Furthermore, the new emphasis on local industries in North Korea’s economic policy was influenced by China’s Great Leap Forward, which represented Mao’s policy of “walking on two legs” (emphasizing heavy industry and local industries, which were to support regions and also provide additional resources for heavy industrialization). In other words, Pyongyang’s government did not de-emphasize its “heavy industry first” policy by promoting local industries; rather, it tried to secure additional resources for heavy industry while maintaining high growth rates.

In 1960, 1848 local factories were operating with 240,000 employees – a 3.4 times increase compared with 1957. Also, 216,000 employees were engaged in household production. Usually, employees from a factory were given jobs at home. For example, a weaving factory in Pyongyang employed 7,200 workers at their homes and 20 percent of the production was from household production. Such an employee earned 30-35 won per month, in same cases – 60-65 won.\textsuperscript{357} This system was not different from the state-run factories, since the materials, the final product, and the salaries were managed by the factories. The local and household production system in North Korea bore resemblance to the Great Leap Forward campaign of a “blast furnace in every courtyard” in China, although it remained under government control. Therefore,

\textsuperscript{356} AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 18

\textsuperscript{357} AFMBG, Opis 17, delo 38, 628, Report from the Bulgarian embassy in the DPRK, briefing for the foreign diplomats, ambassador Georgi Bogdanov, Pyongyang, April 3, 1961, 8
the North Koreans learned both from Soviet and Chinese practices in socialist building process as the two neighbours’ influence changed over time in North Korean development.

In 1958, the influence of the Chinese policy shifts away from the Soviet model and toward the radicalization of economic policy was felt in North Korea. Production in 1959 was 140 percent compared to 1958, and double 1956 levels. This growth rate provided justification for further upward revisions of the plan. Initially, the plan for 1959 called for a 100 percent increase in industrial production compared with 1958. North Korean officials revised the plan to 48.5 percent and later Kim Il Sung settled for a 30 – 40 percent industrial production increase and a 5 – 6 percent increase in agricultural output.\(^{358}\) North Korea was in crack developmental mode at that time and the Chinese radicalization influenced its North Korean brethren. At the same time the acceleration of growth was evident in other socialist countries at earlier stages of socialist development. We can recall Stalin’s “dizziness from successes” and the “shock movement” in the Soviet Union in the 1930s. Therefore, we can establish a broader systemic origin of such spurts in North Korea’s economic planning. Furthermore, the diminishing socialist aid toward the end of the 1950s forced the North Korean government to look for additional domestic “engines” of accelerated economic growth.

The North Korean government launched a campaign to establish middle and small size factories at the local level along with the large scale enterprises which were under central control. This push aimed at developing light industry and the utilization of local recourses. Around 1000 medium and small sized factories were set up under state (local administration) or cooperative control. For that purpose more machine tools were necessary and the government decided to solve this problem by launching another campaign in 1959 – “a lathe from every lathe.” This slogan meant that each existing lathe had to build another lathe. Hence 13,000 lathes were

\(^{358}\) Sŏ Tong-man, 833, 836
produced in 1959 for the needs of local industries. Their quality and efficiency was another matter, however. It seemed also that the campaign did not last more than a year, given the waste and unsatisfactory quality it generated.

The goals of the Five Year Plan were achieved in four years, while the targets for industrial output were attained in two and a half years. 1960 was a year for balancing the development in order to offset the disproportions in some sectors and prepare for the next plan. The output in 1961 was 16 percent short of the production target, but the result was a 14 percent increase compared to 1960. The preparation of the Seven Year Plan (1961-1967) heralded a return to a high growth policy. The planned annual industrial output growth for the period was 18 percent, and for 1962 alone it was 25.6 percent. This push was inspired by the idea of “rebirth through own efforts.” This slogan was a version of the emerging self-reliance policy which signalled a process of structural (internal) divergence from the socialist world. In practice, the divergence meant deviating domestic policies and political tools for achieving certain economic objectives.

Yet again, the high growth rate concept was commonplace in the socialist world at that time. The Eighth Congress of the Bulgarian Communist Party (November 1962) planned “a big leap” in the economy by issuing the Directives for development in the period 1961-1980 during which Bulgaria should complete the establishment of the material-technological basis of socialism and make a transition to construction of communism. This unrealistic task was a mirror of the decisions of the 22nd Congress of the CPSU (October 1961) which outlined a program to “construct in general a communist society” in the Soviet Union by 1980. The concept

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359 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 13
360 Ibid., 12
361 Sŏ Tong-man, 840-842
of a “leap” is accompanied by more centralized planning. However, there are indications that the Chinese experience of accelerated growth resonated in the Soviet bloc too. We found evidence for such influence at least in Bulgaria, the most loyal Soviet “satellite.” Khrushchev’s historical optimism (communist system’s superiority and its impending takeover of the capitalist system) and the radicalization of economic growth concept in China influenced Bulgarian politicians at the end of 1958 and early 1959 for defining their policy of a “leap forward.” The government declared that the Five Year Plan would be completed in three years. There was a “socialist globalization” in a sense that the ideas and practices had more than one source (the Soviet Union) and what happened in one country had an impact on others. If Bulgaria was influenced by the Chinese economic experience, North Korea was also more attuned to the Chinese concept of development.

Despite diverging strategies (at the end of the 1950s), the Soviet Union and China shared common objectives. The GLF in China came as a radicalization of the high growth rate (with aim of “leaping” into communism) socialist paradigm. North Korea went through its own attempt at “leaping” into the future, because the economic leap is embedded in communist ideology. In this regard, one can argue that the GLF and the radical North Korean version of economic growth are local solutions in a common socialist project. The Chinese practices may have influenced the North Korean economic thinking in late 1950s and early 1960s because

363 According to H. Yahiel, an aid of Bulgarian Communist leader Todor Zhivkov, the economic policy turn was influenced by visit of Bulgarian parliamentary delegation, headed by former Vulko Chevenkov, in China in September-October 1957. After the delegation’s return to Bulgaria there was strong propaganda in favour of the “Chinese experience” and Todor Zhivkov seized upon the moment and declared a Bulgarian version of the “leap.” The Bulgarian National Assembly adopted a Law for Acceleration of the National Economy in March 1959, which stipulated that the industrial production had to be increased by 28.7 percent in 1959 compared to 1958, the agriculture – by 73.9 percent, and the national income – by 34 percent. However, the policy of “leap” was not shared by other East European countries. Ibid., 148
China was closer to North Korea in its revolutionary zeal, while the Soviet Union and East European countries were evolving toward a more bureaucratized and “orderly” type of development. Nevertheless, the Chinese and North Korean economic policies were a manifestation of a broader socialist developmental paradigm. Also, both Beijing and Pyongyang played “catch up” strategy with the Soviet bloc and this situation may have shaped the diverging strategies toward common objectives. The drifting strategies in turn contributed to the internal divergence of socialist world into two camps or subsystems headed by the Soviet Union and China.

North Korea’s tilting toward China indicated the DPRK’s disentanglement from the Soviet camp and integration into the Chinese camp in terms of development policies and organization. The policy divide was not clear-cut; rather, it was two modifications of one strategic goal – building socialism and communism. Moreover, the radical high growth rate policy and forced industrialization in China and North Korea was in its own way a reincarnation of Soviet experiences of the 1930s. The GLF may have been China’s divergence from the Soviet and East European economic planning model, but it was compatible, albeit in a radical form, to socialist development because it reflected the communist utopian vision for the future. Similarly, North Korea’s economic policy divergence from the Soviet camp was relative and the fundamentals of North Korean political economy remained close to the Soviet model.

One of the leading industrial sectors in North Korea was electricity, which was based on a combination of the Japanese colonial legacy and a rapid postwar recovery and expansion. In 1956, North Korea’s electrical output was 5.15 billion kW. In 1960 it reached 9.14 billion kW, which made 914 kW per capita – ten times the output in South Korea at that time and even higher than in Japan. It is interesting to note that alongside the big hydro power plants, such as
Sup’ung, North Korea built 1149 (until 1959) small and medium size hydro and thermo power generators, mainly for the use in villages.\textsuperscript{364} Although these plants contributed a small portion to the total output of energy, the spread of electricity in the country was impressive. The available natural resources in North Korea were one of the reasons for this large power output. Water resources were coupled with abundant coal.

The mining output in 1956 stood at 3.9 million tons and in 1960 reached 10.6 million tons of coal.\textsuperscript{365} Capitalizing on abundant recourses, North Korea aggressively developed ore mining too, extracting 675,000 tons ore in 1956 and in 1960 – 3.1 million tons.\textsuperscript{366} Metal production followed this trend, as cast iron production in 1956 was 187,100 tons and in 1960 – 872,000 tons, while steel production increased from 190,000 tons to 641,000 tons. It was not by chance, therefore, that ores and metals became major export items for the DPRK. The railway network was relatively developed before the Korean War – 6500 km long. In the postwar era it was mostly rebuilt, reaching 6690 km in 1960. Over 200 km were electrified in 1961. But one indication of the rapidly developing economy was the sharp increase of cargo transportation: by rail – from 18 million tons in 1956 to 39 million tons in 1960, by trucks – from 9 million to 34 million tons, and by water transport – from 1 million to 3 million tons for the same period.\textsuperscript{367}

The DPRK did not want to remain a supplier of raw materials. It pursued a policy of industrialization as it tried to climb the technological ladder. And this is visible in the machine sector. The DPRK produced 8800 electric motors in 1956 and 33,000 in 1960. It started to

\textsuperscript{364} AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 19, 20
\textsuperscript{365} Ibid., 21
\textsuperscript{366} Musŏn iron ore mine was considered the largest basin, which contained ore with 40 percent iron content. Kachŏn mine was the biggest graphite mine, while Kaemtaek complex in South Hamgyŏng province was the largest mine for ladder and zinc. The Japanese extracted 31 tons gold in various mines in Korea in 1939 and the surface layers seemed to have been exhausted by the end of the colonial time, but North Koreans were mining deeper layers and continued the extraction of the precious metal.
\textsuperscript{Ibid., 24}
\textsuperscript{367} Ibid., 27, 56, 57
produce machine tools in 1957 and produced 3950 units in 1960. North Korea started production of tractors (28 horse power) and three-ton trucks in 1959 and manufactured 3002 and 3011 respectively in 1960. In 1961, North Korea produced its first electric locomotive in Pyongyang (4300 horse power) and so forth. The chemical industry was considered one the most developed sectors of North Korean economy. The Japanese colonial legacy played a part, but the North Korean government invested considerable resources to further develop the industry. In 1956, the output of chemical fertilizers was 195,000 tons and in 1960 – 561,000 tons. Similarly, the production of soda ash increased from 6100 tons to 25,000 tons for the same period. Not all products experienced such growth as was the case with acid sulphur, for example.

The astonishing industrial growth rate was achieved on the back of a steep rise of capital investment. In 1949, the North Korean government invested 89 million won, in 1954 330 million, in 1956 351 million, and in 1960 567 million. For the 1957-1960 period, the biggest share of investment – 72.2 percent – was for the construction of production facilities, of which 51.3 percent was for industrial manufacturing construction. We observe a jump in capital investment during the first of the Three Year Plan in 1954, which doubled toward the end of the Five Year Plan. As we shall see in the following chapter, one of the key reasons for the increase was the massive aid from socialist world.

Despite the growth rate and impressive industrial results, the North Korean economy faced a stark problem in the quality of its goods. The obsession with quantity came at the

368 Along similar lines, North Korea produced 295 power generators in 1957 and in 1959 – 1306; it manufactured 6800 power transformers in 1956 and 5971 in 1960.
Ibid., 30
369 Ibid., 56
370 The production of acid sulphure in 1958 was 234,000 tons and in 1960 – 255,000 tons.
Ibid., 35
371 For non-production purposes – 27.8 percent, within which 13.4 percent was for house construction.
Ibid., 57
expense of the quality of products. This is yet another common element in the international socialist system with North Korean flavour. For example, there was a problem in supply of anthracite coal in 1961 because of overuse of machines and poor maintenance. Another example came from the big chemical plant (for vinyl) in Hŭngnam. At the end of the 1960, the KWP decided to launch production with 10,000 tons capacity and in 1961 to double it. Kim Il Sung opened the plant on 3 May 1960, but the production was halted by the end of the year due to incomplete installations and equipment. There are other cases in which incomplete factories started production yet soon after stopped operations because of maintenance and operation problems.

Furthermore, the attempt to manufacture machines and other equipment along the lines of the regime’s self-sufficiency policy led to an increase in costs because of the limited quantity of production series (which increased costs) and lack of expertise. Instead of importing machines, the North Korean leadership opted to manufacture them in limited series’, which affected both their quality and cost. The character of the “leaps” – an accelerated growth policy – led to disruptions in industrial production, unrealistic planning, and wasting machines and equipment.

The fast-growing economy had important political consequences. With all its problems, it created the aura of inevitability of economic progress as socialist building. This “dizziness” of successes, albeit quantitative, raised the self-confidence of the North Koreans that they could continue on their own on the back of Chuch’e ideology. However, as we shall see in the

372 AFMBG, Opis 17, papka 39, 645, Quarterly report from the Bulgarian embassy in the DPRK, third quarter of 1961, ambassador Georgi Bogdanov, Pyongyang, October 2, 1961, 39
373 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 42
374 AFMBG, Opis 17, papka 39, 645, Annual report from the Bulgarian embassy in the DPRK, 1961, ambassador Georgi Bogdanov, Pyongyang, December 10, 1961, 57
375 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 41
following years, this breakneck growth stalled. In addition to the internal industrial disruptions caused by forced unbalanced growth, one key reason for economic problems in the 1960s was the self-reliance isolationist policy of the DPRK in the socialist world. It seems that the North Korean leaders learned from this experience and modified North Korea’s strategy in the mid-1960s, as we shall see in the next chapters.

Ideology became important in stimulating the economy. Mass campaigns aimed at solving deficit problems and they were one of the characteristics of the system. Ideology and party education increased their roles. This trend was manifested through the *Ch’ollima* (mythological flying horse) mass movement, which started at a steel mill in March 1959. An eleven-member team in September 1958 raised the slogan “I am for the sake of the group and the group is for my sake.”

*Ch’ollima* was emulation of the Great Leap Forward and put emphasis on self-sufficient production unit, with increased role of ideological motivation in work. *Ch’ollima* relied on mobilization of “voluntary work,” as majority of officials and students were sent to the farms to help peasants for several weeks, sometimes even longer. Workers were mobilized to construct irrigation installations and even housewives and schoolchildren participated in road construction. The movement basically expanded the free labour, as workers and employees had to do four-five hours unpaid work daily at the end of 1958.

Kim Il Sung put increased emphasis on communist education in November 1958. In August 1960, 8620 teams and 1.78 million workers participated in the *Ch’ollima* movement. The movement became a vehicle for further party penetration in industry. The role of directors (executives) in factories was diminished and the principle of a leading role for the party was

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376 Sŏ Tong-man, 850
377 Lankov, 2003, 64
378 Szalontai, 121
affirmed in 1959. By 1960, the leading role of the party was well established on all levels of administration and the “party-state” system became a reality.\textsuperscript{379} The \textit{Ch’ollima} movement aimed at creating motivation and competition to increase production. In 1961, 30,034 teams with 507,800 workers from industry participated in the movement, as 2224 teams received the title “\textit{Ch’ollima}” and 35 were rewarded the title “two times \textit{Ch’ollima}” – the highest honour.\textsuperscript{380}

The trend of party penetration in local management continued through the ‘Taean’ system in the factories. A triangular system in factory management (director, party secretary and union chief) was changed to ‘Taean’ system, that is direct party control of each factory.\textsuperscript{381} The system was launched in Taean Electric plants in 1960 and the new element was that the party supervision was done through the local party committee rather than the central committee. The factory party committee was expanded and elevated to the same level as the town party committee. According to Kim Il Sung, the ‘Taean’ system was the key to communist industry.\textsuperscript{382} An East German report defined the ‘Taean’ system as a stronger control of planning and execution by the party, in which the factory structure was streamlined (and put in along the lines of the party committee – director – staff. In 1961, Kim Il Sung stated that the manager of the factories was the party secretary and the party committee.\textsuperscript{383}

The ‘Taean’ system and \textit{Ch’ollima} movement represented the assertion of top-down party control over industry, while at the same time, the party-state apparatus orchestrated mass mobilization campaigns using ideology to spur economic motivation. This mix constituted a core element of the North Korean system, which was influenced by the Soviet Union and China.

\textsuperscript{379} Sŏ Tong-man, 853, 857, 860, 863
\textsuperscript{380} AFMBG, Opis 17, papka 39, 645, Quarterly report from the Bulgarian embassy in the DPRK, first quarter of 1961, ambassador Georgi Bogdanov, Pyongyang, March 24, 1961, 23
\textsuperscript{381} Sŏ Tong-man, 919
\textsuperscript{382} Ibid., 868, 870, 873
\textsuperscript{383} PA MFIA, C316/78, Report from the embassy of the GDR in the DPRK, Socio-economic analysis of the DPRK, Pyongyang, March 1972, 36-37
Micro-management

On the microeconomic level, one of the most acute problems facing the production system was the labour shortage – a continuity from the late 1940s and the Korean War. The war and the subsequent shortage of manpower was an obvious reason for the structural problems and the labour volatility. The countermeasures included tightening of the labour control and planning – building of what some scholars define as a “wartime communist system.”\(^{384}\) The North Korean labour market was restricted particularly in terms of job mobility, so loyalty and participation became the main choices for labour. Inefficiency marred production capacity. In 1956, the reported waste of time during the workday reached 33 percent. The reasons were slowdown in work, the time spent on political education, and supply problems which disrupted the production. The machine utilization in sectors like metal industry and coal industry in 1956 compared to 1955.\(^{385}\) The North Korean economy started to show some deficiencies typical of socialist system.

In the aftermath of the war the North Korean leadership introduced the contract labour system (following the Soviet factory management model). Officially it ranged between 30 percent and 60 percent of the labour in different sectors, but there was a gap between official contracts on paper and the work situation on the ground. For example, the contact labour in chemical plant in Hŭngnam was 63.6 percent of the total plant labour force, but 24.1 percent of the operation work was through contract labour.\(^{386}\) Thus, the majority of the workers were not secured by contracts. The deterioration of the distribution system made the contract system more uncertain. One of the results of the labour shortage and volatility was emergence of more

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\(^{385}\) The machine utilization in metal industry decreased from 66.3 percent in last quarter of 1955 to 66.4 percent in the first quarter of 1956 and in the coal industry – from 53 percent to 46.9 percent.

Ibid., 133, 135-6, 143

\(^{386}\) Ibid., 143
personal patron-client relations in the factories. This in turn increased the arbitrary character of
the management system, in which informal personal relations in the hierarchy defined one’s role
in the system.

Rationalization and scientific management were part of the concept of scientific
understanding of history and the perceived inevitability of socialism and communism. Higher
productivity was the crux of Marxist ideology. Lenin is said to have been influenced by the
Taylor system for scientific management and his definition of socialism as “Soviets plus
electricity” was another phrase for an industrial revolution with party/government controls. The
communist ideology contained a developmental strategy, even though couched in a utopian
political phraseology and tight political controls of the party-state. In general, communism was
an attractive ideology for post-colonial societies because of its fast-track development promise.
During the decade from 1945 to 1955 the North Korean leadership was most receptive to Soviet
influence for influence in the political and the economic fields. Thus the economic aid and
technology transfers from the USSR and other socialist countries were indispensable for its
development strategy and economic growth during the postwar reconstruction period.

Another element of the Soviet system was *edinonachalie* (one-man management) in the
factories, in which the executive assumed full control over management. The Soviets introduced
the system in 1928-1929 at the beginning of the first Five-Year Plan and factory managers were
also named “red directors” or “red and experts.” *Edinonachalie* was accompanied by the “shock
movement” in 1934 (the 17th Congress of the CPSU), strengthened in 1941 (the 18th Congress)
and 1952 (the 19th Congress). This system tried to combine the need of managerial subordination
and party control. In North Korea, the term “red and experts” first appeared in 1948 and its
introduction began in 1949 with Hŏ ka-i playing a role in the process of linking “red” and
“expert” in management. The lack of specialists and insufficient managers hindered the system. There were 240 specialists at the Hōngnam fertilizer factory during the colonial period. Six of them were Koreans who subsequently moved south. The North Korean government made a priority of training specialists in different fields in the 1950s, but in 1954, only 28 percent worked in industries and construction; the rest were in the government bureaucracy. The North Korean management system became prone on wasting scarce human resources.

Personnel problems hindered the smooth functioning of the economy, but structural problems started to emerge which additionally impeded the management. Politicization of economic governance through party intervention and control on macro and micro level of the economy as well as over-bureaucratization due to state monopoly undermined the efficiency of the system. The top-down management subordinated to the party line was a “classical” socialist element in the governance of state-owned economy (also defined as “command economy”). Although the system originated in the Stalinist industrial economy, it had broader meaning because it reflected an intrinsic characteristic of the party-state monopoly within the socialist system. The party-state “division” of labour was a follows: the state owned the economy and the party defined the policies and controlled the management.

In April 1955 the Plenum of the CC of the KWP decided to strengthen the party building and to increase the role of the party in factories. The principle of managerial subordination was not implemented in the vertical management structures and there was confusion and conflicts in the horizontal structures. The low level cadres had limited political education, while the mid-level managers had limited managerial skills. The pressure for results from above led to formalism and the inspections were like spying and police work. Criticism and

387 Ibid., 150, 154, 162
388 Ibid., 167-168
self-criticism were designed to battle formalism in the system, but the higher-ups often suppressed criticism from below and the personal relations also hindered meaningful criticism. Bureaucratic tendencies and evasion of responsibility were commonplace. The labour principle of “participation from below” was formalized to a considerable degree. There were attempts to engage labour in the management through production discussion meetings. In 1948, there were 766 production discussion meetings in the Hŭngnam fertilizer factory, in 1954 third quarter alone – 2,950, and in 1955 – 13,390. But the main topic of the meetings was the implementation of the “leadership from above.” After the second half of 1956 the number of the discussion meetings increased. Once North Korea established a state-owned and party-controlled economic system it was bound to tighten the party control on the micro-level as well. The discussion meetings are probably the North Korean contribution to the common socialist praxis in the state enterprises management.

The party organization acted as administration by proxy, a parallel structure to the state which took over the management of the industrial economy. The directors (executives) were supposed to head the management, but in reality the party officials were doing the job of administrative directors. Party officials demanded from the directors reports and various countermeasures to problems. The managerial system was emphasized officially, but in reality the party exercised control over management, and the party bureaucracy was superior to the administration. There was a widening gap in the functions of the “red” (party) and the “expert” (management).

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389 Ibid., 172, 174, 179, 181
390 Ibid., 189
391 Ibid., 194
There were three types of cooperatives in North Korea. The first type was cooperative farming: each farmer used his own implements. This type existed only at the early stage of collectivization and lasted only until 1956 (similar joint farming existed in the earlier period of Soviet collectivization too). The second type allowed farmers to retain individual property and inheritance, but plots could be combined in joint farming; the use of common implements was possible. The farm owners received compensation for their plots in the cooperative. The third type was land and implements cooperation and joint management, which was the closest socialist type and constituted 78.5 percent of the cooperatives in 1954, 98.8 percent in 1957, and 100 percent in 1958. The farmers received compensation according to the number of workdays in the cooperative.

By the end of 1956, the collectivization movement was embodied in the “revolutionary mass line.” In March 1957, the cooperatives comprised 85.5 percent of the farms and 84 percent of the arable land. In August 1958, the cooperatives reached 100 percent of farms and land. Nevertheless, the cooperatives had relatively small size: as of August 1958 one average cooperative consisted of 80 households and 120 chonbo of land. The most common third type cooperatives (with the highest degree of nationalization and cooperation) were modelled after the Soviet kolhoz. One explanation for the dominance of the socialist cooperative (third type) was the relatively equitable and small land ownership of farmers prior to the

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392 Trigubenko, 31; Sŏ Tong-man, 762
393 Kim Yŏn-ch’ol, 100-102; Sŏ Tong-man, 716
394 Trigubenko, 30
395 Sŏ Tong-man, 762

Earlier, the cooperatives were even smaller. Per Soviet embassy report, as of 1955, there were 11,543 cooperatives as follows: less than 30 households – 4,913 cooperatives (43 percent), 31-50 households – 3,908 (34 percent), 51-100 households – 2,404 (20 percent), 101-200 households – 303 (3 percent), and more than 200 households – only 15 cooperatives.

Baek Chung-ki, 113
392 Sŏ Tong-man, 762
collectivization; 74 percent of farmers owned between one and two *chongbo* land.\(^{396}\)

Collectivization had an important political thrust – the elimination of private property. We can conclude, therefore, that 1958 marked the “victory” of socialism, since the last traces of private property were eradicated.

The KWP Plenum in March 1954 launched a “socialist revolution” which accelerated the collectivization process. For two years after the Plenum, the cooperatives tripled in size.\(^{397}\) Collectivization can be seen as part of the “initial socialist accumulation,” with distorted prices favouring state revenue. In the Three Year Plan, 56 percent (or 4.2 billion won) of the investment in reconstruction (7.4 billion) came from agriculture. Collectivization provided significant capital, labour and food for the industrialization effort. It also secured complete political control of agriculture.\(^{398}\)

Collectivization in North Korea was implemented faster than in other countries. One of the reasons for this was the smaller share of the arable land (in 1954, it 24.3 percent of the land and in 1956 – 26.3 percent) and thus the relatively less significant agricultural sector compared to countries like China and Vietnam. Another reason for the rapid collectivization was the Korean War: with respect to the doctrine of class struggle, there was no big difference between the land reform during the war and the postwar collectivization. There was also a “national security awareness” which gave more urgency to the implementation of collectivization. As mentioned earlier, the Korean War provided the setting for the acceleration of collectivization. Over the course of the war the state came to own 25 percent of arable land as a result of its farm restoration efforts. The share of nationalized farms increased from 3.2 percent of agricultural output in 1949 to 8.5 percent in 1953. Cooperatives reached 174 in 1953, but the level of

\(^{396}\) Trigubenko, 31

\(^{397}\) Sŏ Tong-man, 508-509

\(^{398}\) Kim Yŏn-ch’ŏl, 93-95
mechanization was low: only 5 percent of the farms used tractors.\textsuperscript{399}

The decisions of the August Plenum of the CC and a December session of the Standing Committee of the KWP in 1953 set the stage for collectivization in January 1954. From the spring to September-October 1954 there was a three-fold increase (from 1,091 to 4,200) in embryonic cooperatives – a sort of joint farm arrangement of the first and mostly second type of collective farm); in November 1954 the number of these cooperatives doubled (7,100). It is worth noting that a considerable number of these initial collectives included soldiers’ families, and bereaved families.\textsuperscript{400} After 1955, the cooperatives became the subject of party-state planning.\textsuperscript{401}

The party stepped up its efforts in early 1955 by sending 450,000 party members to agricultural areas, thus making the KWP a major instrument of collectivization. Among the dispatched party activists there were 700 three to four-member teams comprised of different levels of the party hierarchy to organize and manage cooperatives in different areas. In 1955, the party directly organized 4,387 cooperatives or 38 percent of total number. The share of collectivized farms increased from 36.2 percent at the end of 1954 to 53.2 percent of farms by the end of 1955. Cooperatives with direct party management increased from 44.6 percent to 85 percent in the first 6 months of 1955.\textsuperscript{402} In terms of ownership and operation, therefore, virtually from the start the cooperatives became state-controlled entities rather than a horizontal cooperation of farms in terms of ownership, tools, and labour. In other words, farming cooperation involved more of a process of nationalization than collectivization.

\begin{flushleft}
\textsuperscript{399} Ibid., 95-96, 97, 99  \\
\textsuperscript{400} Sŏ Tong-man, 663, 666, 667  \\
\textsuperscript{401} The CC of the KWP started intense planning of the cooperatives from November 1954 to 1955. The increased planning was in milieu of ambitious plan to increase the economic output by 40 percent in one-two years after the war compared to 1948 level.  \\
Ibid., 668, 674  \\
\textsuperscript{402} Ibid., 687-689
\end{flushleft}
At the Third Congress of the KWP, in April 1956, Kim Il Sung reported that 65.6 percent of the farms and 62.1 percent of cultivated land were controlled by cooperatives. Overall, the cooperatives led to output increases. In 1955, for example, 64.7 percent of the cooperatives registered considerably bigger harvests than individual farms, 22.2 percent of the farms increased their harvest a bit and 13.1 percent of them fell behind. The data on harvest increases could be misleading (it was for the whole year) since North Korea experienced severe food shortages in March and April 1955, which prompted the import of 45,000 tons of flour from the Soviet Union and 130,000 tons of grain as aid from China. The Soviet embassy reported that a lot of farmers were starving. In Changan province, 80 percent of peasants starved and were forced to eat wild plants to survive. The Standing Committee of the KWP acknowledged at its June session that North Korea experienced the worst food supply situation since the war and appealed to farmers who had some reserves to provide 10,000 t. of food.

The Chinese ambassador in Pyongyang noted to a Soviet diplomat in the spring of 1955 that the North Koreans made mistakes, such as banning the trade of grain and restrictions on private farmers and merchants. To help deal with the emergency, the Chinese embassy released 250 tons of emergency food from the stock of the CVA stationed in North Korea. At a meeting with Soviet Politburo member A. I. Bulganin in June 1956 in Moscow, Kim Il Sung acknowledged the difficulties in agriculture despite slight improvement from 1955. He pointed

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403 In June 1956, cooperatives constituted 70.5 percent of farms and 66.4 percent of the land; in December 1956 the collectives reached 80.9 percent of the farms and 77.9 percent of the land respectively. Seventy-two percent of the grain harvest in 1956 (total 2,870,000 tons) was from cooperatives.

Ibid., 695, 700

404 Kim Yŏn-ch’ŏl, 107

405 The 130,000 tons of grain from China was delivered until June 1955, which equaled the supply from the PRC for the entire 1954.

Sŏ Tong-man, 680

406 Baek Chung-ki, 111

407 Ibid., 112
to labour shortages, fertilizer supply problems (prior to the war the agriculture used 300,000 t. annually, while in 1955 – 100,000) and a shortage of machines. North Korea needed 200,000 tons of grain in order to “balance” its food supplies. Kim requested an annual supply of 50,000 tons of rice and 10,000 tons sugar for the next two-three years. The Soviets even formed a commission to outline proposals for help (A. Mikoyan and L. Brezhnev were among the participants), which found out that the situation in North Korea was difficult. Kim reiterated his request at a series of meetings with the Soviet leadership in early July (after returning from Eastern Europe): supplies for five years of 250,000 t. of grain and grain products, 50,000 t. sugar, 20,000 t. plant oil. It is very likely that most of request was fulfilled since Khrushchev told Kim Il Sung to tackle the food supply problem as a priority.408

Despite the swiftness of the collectivization project, there was passive and at least in one reported case – Peachŏn (South Hamgyŏng province) – even active resistance against the movement. Passive resistance included efforts to retain the option of selling land to individual farmers outside cooperatives, slaughtering animals (similar to resistance by the kulaks in the Soviet Union in the 1930s), and work slowdowns. Generally, collectivization in South Hamgyŏng province (places like Kaesong which are close to the DMZ) was slower than in other provinces. These areas were south of the DMZ before the Korean War. Some farmers deserted cooperatives in the Paechŏn “newly liberated” (during the Korean War) area in the end of 1956 and the early 1957. The disturbance prompted direct intervention of the CC of the KWP, which accused the Paechŏn farmers of being “counterrevolutionaries” and South Hwanghae party branch secretary Ko Bŏng-ki of being part of anti-Kim Il Sung movement which was linked to other Yan’an group members, such as Ch’oe Ch’ang-ik.409 This incident showed that the KWP

408 Ibid., 151
409 Kim Yŏn-ch’ŏl 104, 107; Sŏ Tong-man, 696, 701, 575-576
had no tolerance to any disobedience and deviation from the party line, and confirmed that
collectivization was a party-controlled process.

The revolutionary ideology of radical transformation of society ran supreme in North
Korea during the reconstruction period. Kim Il Sung urged the population in 1958 to complete
“the socialist phase” of economic development and to prepare for “the communist phase.” He
visited China (where he made a tour of communes) and Vietnam in November 1958. 410 There
were reasons to cheer the completion of the collectivization project in North Korea – the bumper
crop in 1958, reaching 119 percent of the planned output. 411 The prewar grain output level of
2.79 million tons was surpassed in 1956 with a reported harvest of 2.87 million tons. It should be
noted that the plans were often revised in order to “accommodate” the expected results, so that
constant implementation of the plan and surplus were reported in the official statistics even
though sometimes only percentages were given. 412 The collectivization, price controls, and the

410 Sŏ Tong-man, 713-714
411 The plan was exceeded especially in South Hamgyŏng province – by 130.2 percent and in Kaesong the harvest
reached 140.2 percent of the plan.
Ibid., 709
412 Kim Il Sung reported that grain production in 1952 was 113 percent of the 1951 level, meaning that 1952
production was 2,939,000 tons (1951 – 2,601,000 tons). In a later collection of his works (1967 and 1980), the
phrase “compared with 1951” was omitted. There was no absolute figure for the production in 1953 and it can be
assumed that the production in 1952 and 1953 did not exceed 2.2 million tons. In 1954, the output was 2.3 million.
The plan for 1955 was revised from 3.6 to 3.3 and then to 2.8 million tons (output of 2.73). The three-year plan
envisioned 3.3 million for 1956 (there were even proposals for 3.6 and 3.9 million tons), then it was revised
downward to 2.73 million to accommodate the output (2.87) and register surplus from the plan. Initially, the 1957
plan aimed at a 102.5 percent increase compared to 1956, meaning 2.94 million; later it was revised to 3.4 million
tons. The reported output for 1957 was 3.2 million tons – a 0.33 million increase from 1956, but there was no
mention of the additional plan of 3.4 million. The plan for 1958 was 3.3 the revised to 3.96. The result was 3.7
million tons – 113 percent of the plan (original) and again no mentioning of the revised plan. The plan for 1959
was 5 million and when the government reported 3.4 million tons output it did not mention plan at all. The 1960
plan was 7 million, then – 4 (result 3.8 million). The 1961 plan was 10 million initially the revised to 5 with output
of 4.83 million tons. In 1964, no quantitative plan was given and after 1965 no plans and results were even
reported.
Grain output (calculations based on official data): 1952 – 2.2 million tons, 1953 – 2.2, 1954 – 3.3, 1955 – 2.73,
Ibid., 721-739
The North Korean government made upward or downward revisions of plans in order to suit ambitious
development goals and at the same time to always be able to declare implementation of plan.
manipulation of statistics of agricultural output became tools for the extraction of resources.\(^{413}\)

In 1961, the North Korean leadership claimed the achievement of food self-sustenance, but the country continued to register net imports of food. In 1959, for instance, the DPRK imported 40,200 tons of flour and exported 19,800 tons of rice. The import of flour increased in 1960 to 72,000 tons against an export of 19,400 tons of rice, and in 1961 the import of flour reached 480,000 tons, with 25,100 tons of exported rice.\(^{414}\) Self-sufficiency in agriculture was merely a slogan for the most part, although output grew.

We base our narrative of agriculture on statistics gathered by the Bulgarian embassy. The accuracy of data can be questioned since the embassy used local sources, but it also critically assessed the information (they cannot be blamed for a pro-North Korean bias) and used unofficial sources such as meetings with North Korean officials and other diplomats. During the Five Year Plan the annual grain output per capita increased from 287 kg to 380 kg and the consumption (per capita) of vegetables increased 5.5 times, fruits – 3 times, meat – 4.5 times, and fish – 1.2 times. The cooperative household annual income increased from 95 won in 1956 to 300 won in 1959. The annual grain output per household increased from 1616 kg to 2100 kg for the same period.\(^{415}\) The food supply was rationed, even tough rice was distributed at a low price (0.18 won per kg.). As of 1960, a worker was allocated 700 grams of rice per day, a specialist – 800 grams, unemployed person and a child – 300 grams, and a serviceman – 700 grams. A worker received no more than 30 won as a monthly salary. A specialist received 40-70 won.\(^{416}\) Although grain production marked a steady growth during the five-year period, cattle production lagged. Despite the growth of meat consumption (given the low starting point in the

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\(^{413}\) Ibid., 764
\(^{414}\) Ibid., 741; Scalapino and Lee, 1126-1127
\(^{415}\) AFMBG, Opis 18, delo 33, 593, Annual trade report from the Bulgarian embassy in the DPRK, 1960, by trade attaché Simeon Christov, Pyongyang, December 29, 1960, 16, 17
\(^{416}\) Ibid., 18
1950s), people rarely received meat. The main staples were rice, vegetables, and dried or fresh fish.417

Collectivization achieved several objectives in the socialization of North Korea: firmer political control, elimination of private ownership, and extraction of resources from agriculture for the industrialization effort. The party-state apparatus tightened its control over agriculture through collectivization. It was virtually a nationalization through which party and government bureaucrats managed North Korea’s agricultural production. The collectivization also became a tool for further extraction of resources for the industrialization effort. The government did not reveal its purchasing prices because they were extremely low. There was a price debate in 1954 and 1957 after which the government switched to collective purchasing practices in order to set a more uniform distribution system controlled by the state. The consumer cooperatives were replaced by local accounting; a small quantity of individual purchases continued through consumer cooperatives on demand. The reconstruction of the economy required considerable investment, which led to extraction from the agricultural sector. In addition, the heavy industry line prevailed in the party which made the transfer of wealth from agriculture to industry a must. The relationship between agriculture and industry was similar to the link between heavy industrialization and the collectivization in the first half of the 1930s in the Soviet Union. The compatibility of economic institutions and patterns of party-state control of economy between the Soviet Union and North Korea meant accelerated integration into the Soviet-let international system. Such compatibility of socio-economic systems, even though there were domestic differences, helped the formation of international socialist system.

The party asserted its control in the villages. The KWP decided to eradicate “provincialism” and “familism” in South Hamgyŏng province in 1958 and introduced direct

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417 Ibid., 16
central control by the end of collectivization. The purges (against factions, “familism,” and “provincialism”) at the provincial and lower levels of the party and administrative structures were completed in November 1959. Kim Il Sung stressed party work and education at the town and village level, as well as revolutionary struggle in the education of party members and workers.418

The ‘Ch’ŏngsan-ri’ method heralded party control in the villages in 1958. In September 1958, the CC of the KWP circulated a letter to its members to battle “conservatism” and overcome the disruptions in the implementation of the Five Year Plan. In 1960, Kim Il Sung “guided” the work in the village Ch’ŏngsan-ri near Pyongyang for 15 days. Thus the ‘Ch’ŏngsan-ri’ method was born: the members from county party committees and people’s committees were dispatched to village committees, cooperatives, and factories. This method aimed at linking the party and the masses and at enhancing party unity. The CC decided to spread this method to all party organizations and circulated another letter to its members in February 1961. The method also involved party work to “re-educate” all layers of society except “counter-revolutionaries.”419 Counter-revolutionaries were defined as people with “bad class origin” – former landlords, Christian activists, small businessmen and merchants, petty officials in the colonial administration, and the former gentry. But they were a dwindling strata, as hundreds of thousands people moved to the South. Including the refugees during the Korean War, it is estimated that between 980,000 and 1,230,000 people, or 10-14 percent the North Korean population, moved south between 1945 and 1953. The tenant peasants and slaves (nobī) from the Chosŏn period (and their descendants) formed a new majority in North Korea.420

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418 Sŏ Tong-man, 875, 887
419 AFMBG, Opis 17, delo 38, 628, Report from the Bulgarian embassy in the DPRK, ambassador Georgi Bogdanov, Pyongyang, April 3, 1961, 12, 13
420 Lankov, 2005, 214-215
people and the newly empowered groups in the North changed dramatically the social structure of society, something which facilitated the monopoly of the KWP.

In 1958, the grain harvest was reported at 3.7 million tons, a 112 percent over the 1957 output. In 1959, it was reduced to 3.4 million tons. The official explanation for these developments was a decrease in sowing areas.\textsuperscript{421} In 1960, the harvest reached 3.83 million tons of grain, 1.4 times the prewar level and two times the level of 1946. A one-year advance implementation of the Five Year plan was also reported. The plan for 1961 called for increases of pure grain by one million tons. The \textit{Ch’ollima} movement was brought to the villages. From June to December 1961, the teams in the movement increased from 207 to 1685.\textsuperscript{422} The campaign was led by the KWP, for the initial state plan called for an increase in output 420,000 tons of grain in 1961, but the party set forth the ambitious goal of one million ton increase, meaning 4.8 millions for the year. It is unclear if this goal was achieved (the reports pointed to overfulfilled plans of the individual cooperatives and not for the fulfilled national goal of a one million ton increase), but it was confirmed that the harvest for 1961 was a record high.\textsuperscript{423}

The ‘Taean’ system (increased direct party control) was implemented in agriculture in the form of the separation of the agricultural department from the provincial people’s committee and the creation of an Agricultural Committee in charge of management. This process involved town and county levels of administration as well.\textsuperscript{424} The party-state control over agriculture was tightened through the ‘Ch’ŏngsan-ri’ method and ‘Taean’ system, while the \textit{Ch’ollima} movement was an attempt to engage the masses. Hence the North Korean system bore a mix of two seemingly contradictory tendencies: Stalinist top-down party control and Maoist mass

\textsuperscript{421} Rodong Sinmun, January 17, 1960, see Sŏ Tong-man, 887, 888
\textsuperscript{422} Sŏ Tong-man, 894, 895
\textsuperscript{423} AFMBG, Opis 17, papka 39, 645, Annual report from the Bulgarian embassy in the DPRK, 1961, ambassador Georgi Bogdanov, Pyongyang, December 10, 1961, 57
\textsuperscript{424} Sŏ Tong-man, 901
mobilization.

Another means of asserting party-state control was the enlargement of cooperatives. Along with promotion of agricultural bureaucracy, there was notable tendency of enlarging the cooperatives, a policy which was influenced by the pattern of kolchoz in the Soviet Union. There was similar pattern of enlargement of cooperatives in Eastern Europe. Bulgaria, for example, undertook measures in 1958-1959 to enlarge cooperatives based on the notion that larger production units had to produce more than smaller cooperative units on the same amount of land. The Bulgarian government also effectively nationalized the land in early 1960s by eliminating rent, the last bond with private ownership. 425

In July 1961, Kim Il Sung visited the Soviet Union, including a kolchoz “Friendship” near Kiev. He was reportedly impressed by the level of mechanization of Soviet agriculture, a sign of the perceived superiority of socialist agricultural management. Khrushchev called for reform in Soviet agriculture at the Twenty-second Congress in October 1961. Kim visited another kolhoz – “Champion” – near Moscow during his attendance of the congress. It was not a coincidence that the establishment of a county agricultural cooperative association in December 1961 happened in the aftermath of Kim’s visit. 426

The expansion of the cooperative is an interesting example of the transfer of ideas, not only technologies, from the Soviet Union, even at a time of deteriorating bilateral relations. This process implies that the socialist system-wide interactions went beyond bilateral relations between North Korea and the East European bloc. Probably the system-wide ideological influence was responsible for the emergence of the idea of “all people’s property equals state

425 At the end of 1958 and early 1959 the number of cooperatives (TKZS) decreased from 3,457 to 957 plus 49 state farm cooperatives (DZS). Kalinova and Bueva, 150
426 Sŏ Tong-man, 903-904
property” in North Korea in 1961. The Soviet and East European influence did not necessarily translate into identical organizational patterns in North Korea’s industry and agriculture, but it had an impact and contributed to socialist integration on an internal structural and functional level.

An indication of the role of agriculture in economic policy was the position of the sector in the party organization. By and large, agricultural officials did not hold high positions in the party hierarchy. Nevertheless, the KWP tightened its grip on agriculture. In July 1962, a management committee was set up as specialized agricultural body on central, provincial, and county levels. The party control of cooperatives was reinforced through the central control at the county party level – the county management committee.

Despite the increasing scale of cooperatives and nationalization of land and tightening of the party control, there was still room for individual cultivation, albeit on a small scale. A description of a cooperative in Hochŏn (12 km from Pyongyang) in a Bulgarian embassy report helps us understand North Korean agriculture at the level of a cooperative in 1960. The data was gathered during a visit to the cooperative so it was as accurate as it could get, for it was based on first-hand observations, but we also have to keep in mind the reluctance of local officials to share information. The cooperative consisted of three villages comprising one municipality (li) with a total of 3,300 inhabitants and 510 households. The merger of the three village cooperatives into a larger one was carried out in 1958. The chairman of the cooperative held simultaneously the position of chairman of li council and people’s committee (common practice

427 At the Third Congress in 1961, the Deputy Prime Minister Kim II was in third place, the Agricultural Minster Pak Chong-ae, who was also chair of the People’s Women Union was in the 7th position, the Agricultural Union director Kang Jin-kŏn – in the 35th, etc. Furthermore, Kim and Park were responsible for other sectors too, particularly the heavy industry, which can explain their relative high positions. Sŏ Tong-man, 912
428 Ibid., 920
in the DPRK).\textsuperscript{429}

The cooperative used one truck and 15 threshing machines for rice. The regional Machine and Tractor Stations (MTS) served 23 cooperatives, including Hochŏn, with four tractors and a bulldozer. The cooperative paid the MTC in kind.\textsuperscript{430} The arable land of the cooperative was 450 chongbo (445.5 ha), of which 385 was under irrigation with the help of 11 pumping stations, with three others under construction. The stations pumped water from the Taedong river. Chemical fertilizer was used, although manure was the main fertilizer.\textsuperscript{431} The cooperative seemed mechanized and well irrigated at that time, but it is difficult to gauge how representative it could be for the country, given the inclination of North Korean authorities to show foreign diplomats carefully selected “model” sites of industry and agriculture to demonstrate their progress. For example, the cooperative had one agronomist with a college education (sent from the administration) and one agricultural technician with a high school education. The Bulgarian ambassador observed that not all cooperatives in the country had such specialists. The material well-being of the cooperative members also appeared higher than the average for the country.\textsuperscript{432}

The cooperative provided part of the harvest to the state as tax; the administration procured the rest for the purpose of the distribution (rationing) system. The state purchased rice for 0.42 won per kg (it sold the rice to consumers for 0.18 won); the pork – 1.8 won per kg. The

\textsuperscript{429} Besides the council chairman who was paid from the cooperative, the council had unpaid vice-chairman and a party secretary who was paid from the KWP.
\textsuperscript{430} The tractor driver received salary from the MTC, but in 1960 started to receive compensation depending on the size of lowed land in the cooperative as a means to stimulate the fulfillment of his obligations.
\textsuperscript{431} In rice cultivation they used 300 kg chemical fertilizer and 30 tons manure per chongbo; for corn – 300 kg chemical fertilizer and 20 tons manure per chongbo; for cotton they used same quantities of chemical fertilizer and manure as the rice; for wheat – 150 kg fertilizer and 20 tons manure.
\textsuperscript{432} Ibid., 36
administration stimulated cotton production through high purchasing prices: for the highest quality – 4.82 won per kg and the lowest or fourth category – 2.25 won. The income of cooperative members was based on the number of working days. For an average 250 working days per cooperative member, one household received 490 won and 2 tons grain in 1960. Some families had three working members and received 1000 won and 4 tons grain. Individual farming remained after the completion of the collectivization. In the Hochŏn cooperative, the members were allowed to own up to 110 sq.m. land (in addition to the house yards which were very small), one cow, one goat, and ten hens.433

The social welfare of the population was maintained by the li people’s committee. There were three nurseries, an elementary school, and a clinic (with one doctor, one nurse, and a midwife). The elementary school was compulsory and free. Other levels of education were also free, but the cooperative occasionally might support high school students in their living expenses. There were no pensions, but the cooperative supported the old and disabled members. The required annual working days of male members was 250, while the females worked 150 days and the nursing mothers – 130. Women were permitted three-day paid vacation per month and 70 days for motherhood, receiving 70 percent of the average income during that period.434

Collectivized and nationalized farming

We will now describe briefly the general state of agriculture in North Korea in the late 1950s and early 1960s. As mentioned earlier, collectivization was completed in 1958 with 13,309 cooperatives with an average of 80 households and 130 hectares arable land per cooperative. In October and November 1958, the cooperatives were merged to form 3,740 new

433 Ibid., 33, 34
434 Ibid., 35, 36
units with an average of 300 households each, each with 500 hectares of arable land. The party sent 4000 agronomists and other specialists, as well as 1000 veterinary doctors for two-year service in the villages.435

The irrigation system was relatively well developed. It was a dense system including 1200 water storages, 7800 pumping stations, and 30,000 km in irrigation canals – the system was seven times longer in 1958 than it had been in 1944. Ninety-eight percent of the rice paddies received the needed water.436 It is interesting to note that the government used free labour from the population and Chinese soldiers from the CVA to construct the irrigation facilities.437 In 1961, 91 percent of the villages of a total of 4,130 villages and 62 percent of village households had access to electricity.438 Only 64 villages did not have a telephone.439 The mechanization of agriculture made big strides in the 1950s. The Machine Tractor Stations reached 117 units by the end of 1961 (there were 88 in 1960) with 13,000 tractors (15 horse power) and 850 trucks. Still, the role of horses and cattle for traction and plowing remained important, making 45 percent of traction force in 1960. Horses and cattle accounted for up to 80 percent of plowing and traction in 1956.440

435 AFMBG, Opis 16, delo 31, 563, Report from the Bulgarian embassy in the DPRK, New Methods in Agriculture, ambassador Georgi Bogdanov, Pyongyang, April 1960, 30, 31
436 For the purpose of building irrigation system, from September 1952 to July 1961, the North Korean government provided 250,000 tons of cement, 150,000 cbm timber, 128,000 m steel pipes, 35,000 tons steel, 8800 irrigation pumps, 3700 electric motors, 5400 power transformers, excavators, and bulldozers. AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgy Bogdanov, Pyongyang, January 10, 1962, 48
437 AMFABG, Opis 14, papka 35, 516, Report from the Bulgarian embassy in the DPRK, The Political and Economic Situation in the DPRK, ambassador Tsolo Krustev, Pyongyang, April 12, 1958, 2
438 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgy Bogdanov, Pyongyang, January 10, 1962, 49
439 A measure for the rapid pace of electrification of villages in the 1950s and the early 1960s was the following statistics. In 1953, 47.3 percent of the villages and 41 percent of village households were electrified; in 1958 – 59.3 percent and 47.1 percent; in 1964 – a jump to 93.3 percent and 71 percent respectively. PA MfAA, C 65/77, Report from the Ministry of Foreign Affairs of the GDR, Socio-economic Analysis of the DPRK, Berlin, May 1971, 107
440 AFMBG, Opis 16, delo 31, 563, Report from the Bulgarian embassy in the DPRK, New Methods in Agriculture, ambassador Georgy Bogdanov, Pyongyang, April 1960, 33
440 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of
In 1953, only 18 kg of chemical fertilizer was used per hectare, while in 1959 the figure was 188 kg. In 1960, the use of fertilizer in rice paddies was 248 kg per hectare and for dry fields – 126 kg. Productivity increased: in 1956, the rice output per hectare was 2.8 tons and in 1959 it was 3.5 tons. Nevertheless, the overall output of agriculture grew slowly. In 1959 output even dropped. If 1953 is taken as a starting point (with 100 points), the output of agriculture in 1956 was 124, in 1958 – 159, and in 1959 – 147. The average income per village household in 1960 was 300 won in addition to 2.1 t. of grain and other smaller supplies in kind. Brigades (production teams) were also consolidated: 44,442 were merged into 35,758. As of 1960, 1300 brigades were engaged in the Ch’ollima movement. The private property was entirely erased, although farmers were allowed to cultivate between a 30 and 50 p’yŏng (96 – 160 sq.m.) plot around the house. As “individual property” farmers were allowed two pigs, two sheep, and a limited quantity of rabbits and birds. The cow was still considered “working cattle,” so it was not allowed as individual property. The farmers were allowed freely to sell their products from individual farming. Toward 1958, the trade was consolidated in a unified market combining the state and cooperative networks. The North Korean government took of a somewhat flexible position toward individual farming because of the food shortages. By 1960, however, the government abolished private kitchens and markets as being a “legacy of the feudal

441 AFMBG, Opis 16, delo 31, 563, Report from the Bulgarian embassy in the DPRK, New Methods in Agriculture, ambassador Georgi Bogdanov, Pyongyang, April 1960, 31, 32
443 AFMBG, Opis 16, delo 31, 563, Report from the Bulgarian embassy in the DPRK, New Methods in Agriculture, ambassador Georgi Bogdanov, Pyongyang, April 1960, 31, 32
444 AFMBG, Opis 16, delo 31, 563, Report from the Bulgarian embassy in the DPRK, Agricultural results in 1960, Pyongyang, 1960, 45, 48
445 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 44, 58
and capitalist past.” “The revolutionary spirit of reliance on one’s own recourses” became the motto of economic policy in which the ideal goal was full autarchy of each production unit.446

The core unit was the brigade, based on a village. There were also cattle and fishing cooperatives, depending on the area. The farm (cultivating land) cooperatives handled issues of trade, crediting, education, and healthcare of the villages included in the cooperative. Household income was determined by the number of working days, but in 1960 the North Korean government introduced a premium system, which was based on overfulfillment of the cooperative’s own plan – the surplus was for the brigade. The average government tax (in kind) on the cooperatives was reduced from 22.4 percent to 8.4 percent in 1959 with the highest level at 12 percent. Some mountainous areas were exempted from taxes in order to spur growth. There was also a duty deducted from the net income of the cooperative for a government fund, which was calculated annually on the basis of the harvest, the needs of the cooperative and government resources.447 This allowed a more arbitrary approach from the government.

The government set up mixed State Farming and Cattle-breeding Cooperatives, which managed irrigation, stock-breeding, fruit-growing, and inter-sector activities. These cooperatives were at the disposal of the state apparatus which distributed the farm output at its discretion. They were dispersed throughout the country and were usually located in the vicinity of cities, working neighborhoods and townships, managing poultry farms and rabbit farms to feed workers in the areas. In 1956, the state cooperatives owned 30 percent of the sheep and goats in the country; in 1957 the state cooperatives cultivated 41.8 percent of the country’s fruit-trees. The state cooperatives were spread among the farming cooperatives.448

446 Lankov, 2003, 69
447 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgy Bogdanov, Pyongyang, January 10, 1962, 45, 46
448 Ibid., 47
North Korean agriculture developed its own trajectory, but one which reflected common policies and patterns in the Soviet Union and East Europe. The DPRK depended much on socialist aid during the reconstruction years and was also willing to emulate economic practices from socialist countries. To an extent this pattern was inevitable because North Korean officials lacked other sources of knowledge and practices for collectivization. The cooperative movement (including collectivization and then enlargement of cooperatives) was tailored along the Soviet model and this similarity helped further North Korea’s integration into the socialist system.

Summary

The death of Stalin and detente with the West accelerated the signing of the armistice agreement which effectively ended the Korean War in July 1953. The de-Stalinization drive in the Soviet Union and other socialist countries changed the course of the socialist world, but pushed North Korea into a divergent political trajectory. The Sino-Soviet dispute threatened to split the socialist world at the end of the 1950s, and the DPRK was faced with the dilemma of which side to support. At first, the DPRK was cautious because it needed the help of all socialist countries, but in early 1960 it started to voice more clearly its support for the Chinese stance without directly antagonizing the USSR and East European countries.

North Korea decided to side with China on ideological rather than economic grounds. The de-Stalinization drive in the Soviet Union pushed North Korea toward the Chinese embrace which seemed safer politically and in accordance with the North Korean leadership’s revolutionary ideology. Mao Zedong had been “second in command” in the international communist movement during Stalin’s era, but after the latter’s demise Mao emerged as the authority in ideological and political issues at least in the eyes of North Koreans. North Korean
guerrillas and soldiers shared a common revolutionary experience with their Chinese comrades in the anti-Japanese struggle in Manchuria and in the battlefields of the Chinese civil war (not to mention Kim Il Sung’s Chinese school education and the grueling guerrilla experience in Manchuria). This historical memory shaped the Sino-North Korean bond. The critical Chinese intervention and sacrifices during the Korean War must have also contributed to shifting the balance toward China North Korea’s position on the international communist arena. The similarities in culture between China and North Korea should not be ignored as additional factors for the political bond between the two neighbours.

The flow of aid from the Soviet bloc and the development of more active trade relations with socialist countries established a balanced approach by the DPRK toward the two camps which evolved into two subsystems. At the same time, the Chinese deviation from the Soviet model of industrialization and campaigns such as the Great Leap Forward gave ammunition to the North Korean leadership to try more independent economic policies. And as socialist aid declined by 1960 and the DPRK recovered from the war and embarked on industrial growth, the North Korean leadership became more confident and assertive. North Korean leaders put the Chuch’e ideology at the forefront of their domestic and foreign policy. Still, the North Korean deviation from the Soviet Union and East European economic planning was not a deviation away from the socialist system. The planned acceleration of economic growth rate reflected a broader socialist systemic element in developmental strategy – a trend of “leaping” into the future regardless of the political cost (party-state dictatorship) and economic cost (imbalances and deficits). North Korea embarked on an over-ambitious development strategy to close the gap with the Soviet bloc and achieve economic self-reliance. North Korean officials understood this policy in terms of achieving the status of a developed economy. The radical path of North
Korean development also reflected the revolutionary zeal of the early stages of socialist building process.

The self-sufficiency policy was born in the context of the historical legacy of the partisan pro-independence struggle in Manchuria and an internal political struggle for dominance by the guerrilla group around Kim Il Sung. *Chuch’e* was also a product of external pressures, as the DPRK tried to become less dependent on the Soviet Union and China. The role of the two socialist giants during the Korean War and during the postwar reconstruction of North Korea was overwhelming, and their political influence undermined the monopoly of Kim’s power. *Chuch’e* was ideology but it was raised to the status of religion, something which legitimized Kim’s personality cult and the dictatorship. At the same time, the independent course was a policy instrument, which allowed the North Korean leadership to navigate in the dangerous waters of the Sino-Soviet dispute without significantly alienating its two main benefactors, creating even a competition between the two big neighbours vying for North Korea’s support in the international communist arena.

The postwar reconstruction period in North Korea witnessed not only economic recovery, but also consolidation of power around Kim Il Sung and the guerrilla group and the maturation of the political system in North Korea. This process involved purges from the KWP and the administration as well as a successful fending off of the de-Stalinization policy prodded by Moscow in the aftermath of the 20th Congress of the CPSU in 1956. The domestic faction around Pak Hŏn-yŏng was purged immediately after the end of the war in 1953. Mu-chŏng – a leading figure from the Yan’an faction – was blamed for the KPA’s debacle in the fall of 1950 and was purged during the war. In 1955, Kim Il Sung purged Pak Il-u – a Korean representative in the Korean-Chinese Joint Command during the war and also called “Mao’s man in Korea.”
The internal revolt against Kim Il Sung in August 1956 was the beginning of a series of purges and violence against the Yan’an and Soviet factions, which continued until 1960. 1956 marked an accelerated power struggle within the North Korean elite in which Kim Il Sung and his associates maintained an advantage in securing support among the cadres and society at large, as they possessed key power resources in the party, the repressive apparatus, and the army. The August incident revealed also a policy divide within the upper echelon of cadres of the KWP: a nationalist line represented by Kim Il Sung and the guerrilla group and a more liberal and internationalist line represented by some cadres from the Yan’an and Soviet factions, intellectuals, and cadres who were more exposed to the outside world. The failure of de-Stalinization paralleled a “nationalization” of North Korea’s policy toward self-reliance and a focus on heavy industry in economic policy, while the personality cult resurfaced with new vigor in 1958 after two years of more subdued propaganda.

The Fourth Congress of the KWP in September 1961 was declared a “victorious congress,” as the guerrilla faction affirmed its full control over the party, government, and the army. We can observe a consistent effort by Kim Il Sung and the guerrilla faction to limit and eventually eliminate any influence and interference by the Soviet Union and China through the pertinent factions in the KWP. Kim Il Sung had some room for maneuvering and a chance to get rid of real and potential opposition in the 1950s partially due to the new more liberal atmosphere in the socialist world in the post-Stalin era. Khrushchev’s policy of “noninterference” in the internal affairs of other socialist countries (despite the intervention in September 1956) was one of the factors which helped Kim’s consolidation of power in North Korea.

Lankov defines the political process in North Korea in the 1950s as a transition from “imported Stalinism” in the 1940s to “independent Stalinism” (also “national Stalinism”). The
events of the 20th Party Congress greatly facilitated this transformation.\textsuperscript{449} We could also define North Korea’s politics in the 1950s as a transition from Soviet-sponsored socialism to socialist nationalism. The fundamentals were socialist and close to the Soviet model of governance, while the thrust of the system became increasingly nationalist, a process which involved the “indigenization” of orthodox Marxism and Leninism.

The failure of de-Stalinization in North Korea signalled political “disentanglement” from the Soviet bloc. But this political and ideological distancing from the Soviet Union did not necessarily mean a purging of “classical” Stalinism in North Korea. The DPRK continued to pursue key Stalinist policies using techniques from Stalinist “arsenal” but the context and the forms were changing. Patterns and practices such as party-state control, political repression, personality cult, and heavy industry line, among others, were Stalinist in form though their substance derived from the socialist (state ownership, one-party rule) political structure. As North Korea’s political system and ideology started to shift away from the Soviet model, the North Korean economy was still integrated into the socialist world. In other words, we observe a gradual political divergence and economic integration. Thus a crossing point emerged between the politics and economics of North Korea in the second half of the 1950s. The discrepancy between nationalist politics and more isolationist economics narrowed in the first half of the 1960s and again widened in the second half. As North Korea distanced itself ideologically and politically from the Soviet Union it started to tilt toward the Chinese model and practices.

The important stages in economic policy were marked by the Three Year Plan of reconstruction (1954-1956) and the Five Year Plan (1957-1961). The former was characterized by a balanced approach between light and heavy industries and was influenced by Malenkov’s policy in the Soviet Union. The thrust of the Five Year Plan was the growth of heavy industry.

\textsuperscript{449} Lankov, 2005, 4-5
Light industry and supply of consumer goods lagged behind and it was rare to see retail trade as most goods were channelled through a coupon ration system and barter. The heavy industry push was so strong, and other sectors so squeezed, that the government decided to slow down the investment frenzy in heavy industry, declaring 1960 a “buffer year” in an attempt to check the huge imbalances in the economy. Agriculture could not be ignored during the Five Year Plan due to persistent food shortages. The North Korean government pushed an ambitious plan for increasing grain output, but heavy industrialization was given top priority.

Collectivization was another cornerstone of economic policy, which led to an eradication of private ownership by 1958. Individual plots of land were still allowed for farmers. There were some quick results in terms of stabilizing food supplies, although the help from the fraternal countries played a role as well. The “victorious congress” in 1961 declared that the food problem was resolved. However, North Korea achieved this goal by becoming a net importer of food, so self-sufficiency in agriculture was far from a reality. Individual plots were still allowed for farmers, but they were subjected to strict controls in terms of size (up to 160 sq.m. around the house) and live stock. North Korean leadership merged cooperatives into larger ones in 1958. The bigger size of cooperatives reflected a trend in the socialist countries at that time. It also signaled more direct party and government control over agriculture.

The ‘Ch’ŏngsan-ri’ method and the ‘Taean’ system affirmed party control in the villages and agriculture. The industries also introduced the ‘Taean’ system. The Ch’ollima movement tried to spur achievement of higher economic results in industry and agriculture. The North Korean system evolved as a mix of top-down party/state control and mass mobilization campaigns – familiar signs of Stalinist and Maoist practices. North Korean government affirmed edinonachalie system in which executives assumed full control over factory management and at
the same time party officials doubled the managerial function of directors. Contract labour (another Soviet practice) did not fare well in North Korea due to acute labour shortages and volatility. The North Korean factories used personal labour relations in the place of contracts, which increased the arbitrary element in the management system.
CHAPTER FIVE

North Korea’s Integration into the Socialist World

International brotherhood: aid for the reconstruction of North Korea

“Responding to the great help given by the brotherly Bulgarian people, the whole Korean people will do its utmost to further strengthen the most important guarantee of our victories – the friendly relations with the People’s Republic of China and the countries with people’s democracy led by the Soviet Union, will give their entire productive labour and all their efforts for the reconstruction and building of our fatherland, and the achievement of peaceful unification and independence of our fatherland, and the preservation of peace in the East [Asia] and the world.”  

This quote is an excerpt from a decree, signed by Kim Il Sung. Written in a typical upbeat tone, the document reflects the substance of the DPRK’s relationships with the socialist countries, and their importance in the reconstruction of North Korea in the aftermath of the Korean War.

We can divide fraternal aid to the DPRK into three main categories: humanitarian, economic, and military. The humanitarian help started with the outbreak of the Korean War and continued in the postwar period. Economic aid from the socialist world was mostly a postwar phenomenon. It was instrumental in the reconstruction of the North Korean economy. It comprised supplies of materials and goods, industrial projects, and aid in the area of human resources. The industrial projects included the financing, reconstruction and building of power plants and factories (and related technology transfers), housing, and infrastructure. This aid came in indirect forms, such as loans (industrial and trade) on favourable terms and barter trade. Military aid was critical during the war, but played an important role after the war as well.}

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450 Excerpt from Decree #199 of the Council of Ministers of the DPRK, signed by Kim Il Sung on December 10, 1953 in the aftermath of North Korean delegation visit to Bulgaria October 26 - November 13, led by the Trade Minister Yi Cho-yang. AMFABG, Opis 6, papka 36, 787, Declaration of the Council of Ministers of the DPRK #199, Pyongyang, 1953, 3
will focus on economic aid, as it constituted the bulk of the aid in the postwar period. But humanitarian aid also revealed the nature of relations between North Korea and other socialist countries and the evolution of the international socialist community.

**Humanitarian aid**

North Korea was on its knees after the war that cost roughly four times its national income of 1949. Economic damage was estimated at 420 billion won. However, the human side of the destruction was immeasurable. Socialist aid came not only in the form material help for a ravaged country, but also as a moral support for the North Korean people. The irony of North Korea’s relations with the socialist countries was that this help was somehow lost in “translation” when the *Chuch’e* doctrine came to dominate North Korean politics. The humanitarian aid gave substance to the concepts of “fraternal countries,” solidarity, friendship, and international socialist community. The socialist integration in the postwar years also took on an altruistic meaning.

The two most common forms of humanitarian help were care of war orphans in China and East European countries and the sending of medical teams, medicine, and equipment to North Korea. The socialist countries continued to receive Korean orphans and take care of them for several years, including educating them. We noted in the previous chapter that China accepted 20,000 North Korean children during and after the war. An agreement in May 1958 arranged their return to the DPRK between June and September 1958; 2,500 of them received one-year training in factories and agriculture. Most of the orphans spent between five and seven years in China. It is hard to estimate the cost of their care and training, but it was considerable,

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451 Vanin, ed., 244
given their number and the logistics involved.\textsuperscript{452}

We have not found information about care of North Korean children in the Soviet Union after the Korean War, but assume that there was such a program since every socialist country provided like-minded humanitarian aid. The GDR took care of the 610 children, who were accepted in 1951-1952, until 1961, in Dresden with an estimated cost of 18.9 million rubles.\textsuperscript{453} Bulgaria received 300 children in February 1954,\textsuperscript{454} in addition to the 200 it accepted during the war. The 500 children were transferred to the Ministry of People’s Education in 1955. The transport and care expenses between 1952 and 1955 totalled 9.8 million rubles.\textsuperscript{455} Mongolia took care of, and provided education for, 200 Korean orphans.\textsuperscript{456}

Another form of fraternal humanitarian aid was medical assistance. The Soviet Union supplied to North Korea medicine and medical equipment worth 17 million rubles in the 1955-1956 period.\textsuperscript{457} The Soviet Union helped in reconstruction and building of new departments of the Pyongyang hospital in 1955.\textsuperscript{458} The hospital was equipped by the Soviet Union and had 600 beds.\textsuperscript{459} The medical teams from Eastern Europe continued their work after the Korean War. In 1954, Bulgaria sent a new 105-member team (55 physicians and 50 nurses) for one year to

\begin{footnotes}
\item[452] Yi Chong-sŏk, 2001, 204
\item[453] PA MfAA, C316/78, Report: Help from the socialist countries to the DPRK, 1950-1962, Berlin, April 9, 1964, 10
\item[454] 300 children departed North Korea on January 28, 1954 with expenses covered by the Bulgarian Red Cross
\item[455] AMFABG, Opis 6, papka 36, 781, Report from the Bulgarian Red Cross, Sofia, January 4, 1954
\item[456] For their transportation were spent 324,295 leva and expenses for the care were 16,268,618 leva, total 9,760,537 rubles (1 ruble=1.7 leva).
\item[457] AMFABG, Opis 13, papka 46, 365, Report from the Bulgarian Red Cross, Bulgarian aid to the DPRK, 1951-1955, Sofia, March 9, 1956, 1
\item[459] Vanin, ed., 260
\item[459] PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 49
\item[459] AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3
\end{footnotes}
work in the provincial hospital in Sinŭiju which had 400 beds. The Bulgarian government extended the stay of a 70-member medical team by one year in 1955, until March 1956. Fifty eight new specialists were dispatched to Sinŭiju hospital (37), Kanggye (19) and to Yongamp’o sanitarium (2), who joined twelve others, remaining from the previous shift. A new shift provided 21 medics until March 1957 for the hospitals in Sinŭiju and Ananp’o. The Bulgarian medics not only treated patients at the Sinŭiju hospital, but also educated the North Korean personnel. They travelled often to Pyongyang to treat government officials. Medical teams from other socialist countries also left in 1957.

The other socialist countries reorganized their medical teams along similar lines in the postwar conditions of the DPRK. At that time, the DPRK badly needed medical assistance due to the lack of its own specialists. Only 150 physicians were expected to graduate in North Korea in 1956, for instance. The GDR provided equipment for clinics for skin diseases. It also built

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460 The Ministry of People’s Health and Social Care decided (decision P-850) to organize and send a hospital to DPRK to replace the current medical team.
AMFABG, Opis 7, papka 29, 592, Letter from Ministry of People’s Health and Social Care to the Bulgarian ambassador in China Yanko Petkov, February 2, 1954

461 The Bulgarian envoy in Pyongyang Grigorov reported that the hygienic conditions in Kanggye were poor (the hospital was in wooden barracks). Bulgaria provided only medical assistance in Kanggye, while in Sinŭiju – medical assistance plus material assistance. Mr. Grigorov urged the Bulgarian government to allocate materials to the hospital in Kangae as well.
AMFABG, Opis 7, papka 29, 592, Report from the Bulgarian envoy in the DPRK, Grigorov, Pyongyang, February 2, 1955

462 The renovation of Sinŭiju hospital was completed by the end of 1954 (with Bulgarian funding) and 100,000 rubles were used for the hospital in Kanggye.
AMFABG, Opis 7, papka 29, 592, Report from the Bulgarian envoy in the DPRK Grigorov and the chief physician of Sinŭiju hospital Mitrov, Pyongyang, 1955

463 AMFABG, Opis 7, papka 29, 592, Report by Healthcare Minister Peter Kolarov, Sofia, November 16, 1955

464 The Bulgarian medics left Sinŭiju on March 31, 1957 with fanfare. Ten farewell included receptions by the Bulgarian embassy and the Ministry of Health of the DPRK as well as big rally at the rail station in Sinŭiju. The medics received presents and the media was full with gratitude letters by patients.
AMFABG, Opis 13, papka 47, 577, Quarterly report from the Bulgarian embassy in the DPRK, first quarter 1957, ambassador Tsolo Krustev, Pyongyang, April 13, 1957, 14, 15

465 AMFABG, Opis 7, papka 29, 592, Report from the Bulgarian envoy in the DPRK Grigorov and the chief physician of Sinŭiju hospital Mitrov, Pyongyang, 1955

466 This help was part of a larger aid package provided by the National Front of the GDR.
PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Help of the GDR to the DPRK, Pyongyang,
hospitals and dispensaries for the prevention of tuberculosis in Hamhung.\textsuperscript{467}

Poland rebuilt, equipped and managed a hospital in Hamhung (with 300 beds) and from 1956 most of the responsibilities shifted to the North Korean side.\textsuperscript{468} The Polish government signed an agreement for medical help with the DPRK in May 1953. The Polish Red Cross sent its first group of 50 medics to North Korea the same year started to build a hospital in Hamhung in 1954. The hospital completed in July 1955 was not, however, a solid building. Instead, it was a complex of seventeen wooden barracks (even the wooden elements were supplied from Poland), but undoubtedly it was a big help for the war-ravaged city. Departments for bacteriology, pathology, pharmacy, ambulatory care, and administration were also part of the hospital. In 1956, Poland provided the hospital with equipment and medicine. The Polish Red Cross sent a total of five medical teams. The first three teams (altogether 150 physicians) directly managed the hospital and educated the North Korean staff. After the Polish Red Cross handed the management of the hospital to the North Korean side, the fourth and the fifth medical teams were reduced to 15 physicians each. Moreover, the hospital became the basis for the creation of the medical institute in Hamhung.\textsuperscript{469}

After 1951, Romania maintained the hospital in Namp’o with 400 beds. In 1954, it sent its fifth shift of medical teams, which consisted of thirty-three members: nineteen physicians, nine nurses, and five additional medical personnel.\textsuperscript{470} In addition, Romania built a hospital in Pyongyang with 320 beds and a clinic (managing 1,000 check-ups per day), which cost 8 million

\textsuperscript{467} Bazhanova, 101
\textsuperscript{468} Poland spent 30,000 zloty for the needs of the hospital in 1956.
\textsuperscript{469} PA MfAA, 10281, Report of the embassy of the GDR to the DPRK: Help from Poland to the DPRK, 1957, Pyongyang, 119, 120
\textsuperscript{470} PA MfAA, C152/75, Report of the Ministry of Foreign Affairs of the GDR, Help of the socialist countries to the DPRK, 1950-1962, Berlin, 1957, 43
Czechoslovakia dispatched a medical team to the provincial hospital in Ch'ŏngjin for several years after the war. The hospital had 360 beds with Czech personnel of 64 members who treated around 2,000 patients per month. In 1957, it comprised of thirteen Czech members, indicating a trend of delegating responsibilities to the North Korean side. Czechoslovakia provided medical equipment and medicine (medicine was shipped in 7 wagons in 1957). It was estimated that the combined expenses for medical help, care of the Korean orphans, and study of North Korean students in Czechoslovakia reached 60 million rubles by 1957.

It is fair to say that the period of providing humanitarian aid to North Korea represented the height of the relationships between the DPRK and other socialist countries. It is true that the humanitarian aid had important moral and political bearing. Nevertheless, the economic aid made the real difference in North Korea’s economy and had long-term consequences for the development of the country.

Economic aid

Economic aid continued to flow to the DPRK after the Korean War. The assistance came in the form of labour, supply materials and goods, reconstruction and building plants, civil construction work, technology transfer, and education of specialists and students. We will begin with China as the country which was chiefly responsible for North Korea’s survival during the Korean War.

China could help with what it had most – manpower, something North Korea was

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471 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 6
473 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1958, 81
lacking. The CVA provided an abundance of manpower. After the war 34 Chinese divisions were stationed in North Korea; 19 divisions left in 1954-1955 and the rest stayed until 1958. The Chinese troops provided indispensable help for the reconstruction of the North Korean economy. The following projects were carried out during the CVA stay in the DPRK: repair of 881 public buildings; rebuilding 15,412 private houses; rehabilitating or newly constructing 4,263 bridges; rebuilding dikes at 4,096 locations with total length of 430 km; repair of waterways at 2,295 locations with total length of 1,200 km. It is impossible to calculate the economic exact effect of the work of the Chinese troops in North Korea but one thing is certain – their role in the reconstruction of the country was enormous, particularly in the fields of infrastructure and housing.

China also provided direct aid worth 860 million (new) yuan (1.6 billion rubles), which was used mostly to supply raw materials in the period 1954-1957. The annual distribution of the Chinese aid reflects more or less a general pattern of postwar socialist aid – the biggest amount following immediately at the end of the war and gradually subsiding toward the end of the 1950s. It was replaced by other tools of economic relations, such as trade (in the 1950s mostly barter), loans, know-how, and education. Chinese deliveries were worth 800 million yaun including coal (3,350,000 t.), coke coal (280,000 t.), cotton (33,900 t.), cotton thread (3,000 t.), cotton fabric (87,200 meters), millet (410,000 t.), rice (4,000 t.), soybean (170,000 t.), rubber (11,200 t.) (China purchased the rubber from other countries), paper (12,500 t.), steel products (52,900 t.), 1,600 passenger and freight wagons, rails (5,500 t.), 1,500 tires for motor vehicles,

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475 The sum was 8.6 trillion yuan which after the finance reform equaled 860 million yuan. The bulk of the amount, 800 million yaun, was allocated annually as follows: in 1954 – 300 million yuan, 1955 – 250 million, 1956 – 200 million, 1957 – 50 million.
PA MfAA, C316/78, Report: Help from the socialist countries to the DPRK, 1950-1962, Berlin, April 9, 1964, 18, 27
Also, A6506, Quarter report from the GDR embassy in China, third quarter 1953, Beijing, October 18, 1953, 143
4,000 horse carts, and metal popes with different sizes (20,000 t.). China supplied 3,000 different items to the DPRK at that time.\footnote{PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Help to the DRPK, 1954-1961, Pyongyang, August 1956, 17}

Another aid agreement for 15 million yuan (27.6 million rubles) was signed between China and North Korea in 1953 for Chinese deliveries.\footnote{In 1954, 66.3 percent of the additional aid (15 million yuan) was in the form of deliveries of coal, cotton, transportation materials, raw materials for chemicals, medicine, rubber, and goods for mass consumption. The rest of 33.7 percent were designated for financing projects, such as reconstruction and building of railways, transportation, training of specialists, etc. In 1955, the proportion of deliveries and financing for projects was 74.3 percent (8.9 percent textile, 32.6 percent cotton, 15 percent coal, 2.2 percent grain, 4.7 percent communication equipment, etc.) vs. 25.7 percent. Ibid. 50} The rest of the 45 million yuan (from a total of 860 million) was likely used to finance barter exchanges between the two countries. In 1957-1958, China provided North Korea loans totalling 208 million rubles to finance industrial projects,\footnote{Chin O. Chung, \\P’yŏngyang between Peking and Moscow: North Korea’s Involvement in the Sino-Soviet Dispute, 1958-1975, Tuscaloosa, Ala.: University of Alabama Press, 1978, 28-30} but it pardoned them in 1960 so they also can be considered direct aid. Therefore the net Chinese aid between 1954 and 1961 would become 1.808 billion rubles. The Chinese military supplies to the DPRK were important part of Sino-North Korean cooperation. China delivered twelve torpedo ships in 1958 and hundreds of MIG fighter jets and light bombers between 1958 and early 1960s.\footnote{Taik-yong Humm, \Arming the Two Koreas: State, Capital, and Military Power. London and New York: Routledge, 1999, 70z}

The Soviet Union provided 1.3 billion rubles in direct aid to the DPRK in the postwar period. Kim Il Sung visited Moscow in September 1953 and signed an agreement for 1 billion rubles for the Third Year Plan, 1954-1956. Six hundred million rubles were designated for supply of machines, installations, materials, goods, and food, while the rest 400 million rubles went for reconstruction and the construction of plants.\footnote{PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 47} Nominally the aid was in the form of...
loans, but they were pardoned in 1956 and 1960. A second aid agreement in 1956 was signed for 300 million rubles, which was to cover the Five Year Plan until 1961 (60 million rubles per year).

The bulk of the Soviet aid – 1.084 billion rubles – was spent from 1953 to the end of 1957, meaning that for the first postwar four years the USSR spent around 250 million rubles annually in aid for the DPRK. The remainder – 215.5 million – was realized in 1958-1961 period. The bulk of the aid during this period (1953-1957) came in the form of supplies of machines and equipment, including technical assistance, which was estimated at 60 million rubles. Among the other aid deliveries were oil products (113,600 t.), black metal sheet iron (134,800 t.), mineral fertilizer (122,100 t.), wood (113,300 c.m.), cotton yearn and fabric, rice, live stock, plant oil, sugar, and others. In 1954 and 1955 the Soviets donated 23 fishing boats to the DPRK. In the 1955-1956 period, the Soviet Union provided 1,138 tractors, 750 plows, 689

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481 In 1956, the Soviet Union pardoned 560 million rubles of loans and rescheduled the payment of 362 million rubles. In 1960, the Soviets pardoned 760 million rubles of loans and rescheduled 140 million. So the amount of canceled loans became 1.32 billion rubles. There was a pending payment of 1949 loan (452 million rubles), of which half (225 million) was pardoned in 1953. When we add the remainder of around 220 million rubles to the 1953 and 1956 loans the amount becomes 1.54 billion rubles. The pardoned amount of 1.32 billion plus carry-over of 140 million made 1.46 billion rubles. It appears that North Korea repaid only 80 million rubles of the 1949, 1953, and 1956 loans. The rest was cancelled and a small portion rescheduled.


Report: Help of the USSR to the DPRK in 1957, Pyongyang, February, 1958, 56

483 According to Bulgarian report, the Soviet Union provided 580 million rubles in aid only for two years – from the end of the war until August 1955.

AMFABG, Opis 7p, papka 30, 600, Bimonthly report from the Bulgarian embassy in the DPRK, Pyongyang, August and September, 1955

484 The list of Soviet aid deliveries between 1953 and 1957 included: machines and equipment (601 million rubles), oil products (113,600 t.), steel (4,900 t.), pipes (22,800 t.), black metal sheet iron (134,800 t.), colour metal sheet iron (3,800 t.), mineral fertilizer (122,100 t.), wood (113,300 c.m.), cotton yearn (2,900 t.), cotton fabric (11.9 million meters), live stock (16,900 cattle), rice (39,800 t.), plant oil (4,600 t.), sugar (9,000 t.), medicine and medical equipment (23 million rubles).

Vanin, ed., 256-257
electric transformers, 228 trucks, 272 electric motors, 91,000 tons of grain, 15,000 horses, and others.485 The list in 1957 included the following: 37,000 tons of black metals; 80,000 cbm round wood; 10,000 tons of sugar; 4,000 tons of plant oil; 1,000 tons of cotton yarn; 1,000 cows. When we add the equipment (per Korean request) provided that year the Soviet aid deliveries reached 80 million rubles.486 Other forms of help included sending a 20-member geology team to North Korea for exploration of 15,000 square meters of territory. We have to add to this list hundreds of Soviet engineers dispatched to North Korean industrial sites and infrastructural projects in the 1950s.

In addition, the USSR and the DPRK signed an agreement in 1957 which allowed North Korea to send loggers to the Khabarovsk area in Siberia. The Soviet Union provided also machines, transportation, and know-how. In return, the North Koreans loggers would allocate 1.33 cbm of timber for the Soviet Union for each cbm shipped to North Korea.487 It was expected that North Korea would obtain 1.5 million cbm of utilizable timber through the logging agreement. There were 2,100 North Korean loggers in the Soviet Union in 1957.488 It is interesting to note that this is one of the most (if not the most) lasting arrangements between the two countries, as the logging agreement has continued to date in different modifications and scale and interruption from 1964 to 1967. Furthermore, the Soviet Union transferred its shares of the joint ventures in North Korea (Wŏnsan oil refinery and the likes established during the Soviet occupation) to the host side without compensation of the invested funds, based on Soviet-
North Korean agreement of May 1955.\textsuperscript{489}

In terms of spending of the overall 1.3 billion Soviet aid fund for North Korea in 1953-1961 period, 610 million rubles were spent on supply of materials and semi-processed goods, 300 million were for delivery of machines and the remaining 390 million rubles were spent on reconstruction and construction of factories, including supply of equipment.\textsuperscript{490} There was agreement for new loan of 350 million rubles in 1959,\textsuperscript{491} but we will include this in the estimate for the 1960s, since its implementation was during that time. It was also reported that the Soviet Union donated military equipment and products for 500 million rubles between 1953 and 1963.\textsuperscript{492} We can assume that most of the military aid was supplied within the studied period, up until 1961, given the deterioration of Soviet-North Korean relations in the early 1960s. The Soviet aid in the 1954-1961 period reached 1.8 billion rubles.\textsuperscript{493}

The GDR spent around 372 million rubles from 1953 to 1962 on aid to North Korea. Two supply agreements were signed following the war – in October 1953 (Agreement 3) for 30 million rubles and in 1954 (Agreement 4) – 88 million rubles. The GDR undertook a huge construction project – rebuilding the city of Hamhung, which cost 208 million rubles between 1955 and 1962. Four hundred and fifty-seven East German specialists participated in the rebuilding project in North Korea. They built 5,236 apartments, hospitals, schools, and infrastructure.\textsuperscript{494} The GDR supplied an additional 9 million rubles in goods after the war, which

\textsuperscript{489} Vanin, ed., 259
\textsuperscript{490} PA MfAA, 10281, Report of the embassy of the GDR in the DPRK: information from the Soviet attaché Novikov on Soviet help to the DPRK, Pyongyang, January 31, 1961, 33
\textsuperscript{491} AFMBG, Opis 13, papka 47, 577, Quarterly report from the Bulgarian embassy in the DPRK, second quarter of 1959, trade attaché Yankol Tsvetanov, Pyongyang, July 3, 1959, 4
\textsuperscript{492} PA MfAA, C65/77, Report of the embassy of the GDR in the DPRK, Economic development of the DPRK before and after 1945, Pyongyang, May 1971, 88
\textsuperscript{493} Loan for 140 million rubles is added to the amount of direct aid worth 2.16 billion rubles.
\textsuperscript{494} PA MfAA, C152/75, Help from the socialist countries to the DPRK, 1950-1962; GDR help to the DPRK, 1950-1962, Berlin April 9, 1964, 7, 14
continued the wartime deliveries of basic necessities.\textsuperscript{495} In another estimate of supplies across the two periods which we evaluate separately (the war and the postwar periods), from 1950 to 1957, the GDR sent 17,045 packing cases to North Korea – 2,620 tons of goods in 178 shipments worth 72 million rubles.\textsuperscript{496} When we add the expense for the care of 600 Korean orphans (19 million rubles) and the education of 286 North Korean students in East Germany (18 million rubles) the total amount of aid in the period 1954-1961 reaches 372 million rubles.\textsuperscript{497} There indications that part of the aid was in the form of long-term preferential loans with interest rate between 1 and 2 percent (the usual rate was 3.75 percent).\textsuperscript{498} The whole amount mentioned is in the “help” category. It is fair to assume that most of the loans were pardoned or rescheduled due to DPRK’s payment problems, as the Soviet Union did. The 1950s was the decade of fraternal aid and the GDR was not an exception in this regard.

The National Front of Democratic Germany (a mass organization which served to mobilize society and implement party policies) provided aid of about 30 million marks (54 million rubles) to North Korea by supplying equipment for schools, instruments and tools for the observatory in Pyongyang, tractors and machines for the MTS (machine and tractor stations), spare parts for tobacco processing machines, medicine, clothes, scientific and teaching material.

\textsuperscript{495} Total 72 million rubles worth of goods were delivered during and after the war under the column of “solidarity aid.” It was separate supply from the agreements in June 1952 (30 million rubles), November 1952 (30 million rubles), October 1953 (30 million rubles), and 1954 (88 rubles). Most of the solidarity aid was delivered during the war.

\textsuperscript{496} PA MiAA, C152/75, Report of the Ministry of Foreign Affairs of the GDR, Help of the GDR to the DPRK, 1950-1962, Berlin, April, 1964, 8

\textsuperscript{497} The GDR Red Cross also spent 0.25 million rubles for aid, and training provided by the Economic institute.

\textsuperscript{498} One third of the aid was in free deliveries and the rest in long-term loans, according to Rudiger Frank (Frank, 2008, 53). He pointed to much larger aid amount (only for Hamhung around 600 million rubles), so the amount of grants would approximate our assessment.
materials.\(^{499}\) The National Front’s help was actually the one originating from the Aid Korea Committee. The Committee continued its activities after 1954 under the Committee for Help of Korea and Vietnam, sending 145 wagons of goods in five shipments to North Korea in 1954 and 1955.\(^{500}\) The exclusion of National Front’s aid from the overall figure for postwar aid from the GDR also suits the East German own estimate of actual total aid for 1950-1962 of around 500 million rubles, that is 125 million rubles during the war and 372 million rubles after the war. We have to bear in mind that it is hard to strictly separate the war and postwar periods in terms of helping North Korea, because some of the wartime agreements were carried out for a longer period – well through the postwar years.

The pledged amount between 1955 and 1964 was around 545 million rubles, of which 360 million rubles for the reconstruction of Hamhŭng,\(^{501}\) but complications in North Korean-East German relations toward the end of the 1950s scalded down the reconstruction work. There is indication that Moscow prodded Berlin to be forthcoming in providing large scale assistance

\(^{499}\) PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Help of the GDR to the DPRK, Pyongyang, February 1958, 67, 68

\(^{500}\) PA MfAA, A9492, Annual report of the embassy of the GDR in the DPRK, 1954, January 1955, Pyongyang, 8-9

\(^{501}\) The East German Council of Ministers authorized 545 million rubles in aid to North Korea on 3 February 1955. The North Korean media was quick to report the news. The allocation of the amount was as follows: in 1955 – 79 million rubles, 1956 – 67 million, 1957 – 71 million. For government decided to secure annual budget of 35 million rubles for the reconstruction of Hamhŭng from 1955 to 1964.

AFMBG, Opis 7p, papka 30, 600, Press report from the Bulgarian embassy in the DPRK, March 1955, secretary Radi Botev, Pyongyang, April 20, 1955, 5


Frank, 1996, 8

Frank, 1996, 12
to North Korea. There is even argument that the GDR was allowed to redirect part of World War Two reparations to the Soviet Union and Poland as aid to the DPRK, although no evidence has been found to support this claim. One way or another, it is also true that East Germans felt responsibility to help North Korea, given their positions in the socialist world. The East German policy line derived from the understanding that the GDR and the DPRK were the “western and the eastern bases of socialism.” It was not an easy decision to aid North Korea on that scale, however, given the scarce resources of Eastern Germany. Nonetheless, in the eyes of North Korean officials the GDR was one of the richest countries in Peace Camp and expected big contribution to North Korean economic recovery.

Prime Minister Otto Grotewohl attended Geneva Conference in April 1954 and at a meeting with the North Korean delegation premised to help rebuild a North Korean city. At the same time, North Korean demands for larger amounts of aid caused unease among East German officials Furthermore, the simmering Soviet-Chinese conflict undermined the East German-North Korean economic cooperation in addition to GDR’s own economic problems. In a letter to Kim Il Sung in 1960 Grotewohl implicitly linked the continuation East German aid for

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502 A commission chaired by CPSU Politburo member A. Mikoyan in Moscow in May 1956 decided to secure 1 billion rubles in grants to North Korea. The USSR was excepted to donate 500 million, the PRC – 250-300 million and the remaining 200-250 million – from the GDR, Czechoslovakia, Poland, Romania, and Bulgaria. The GDR was expected to donate around 100 million. (Frank, 57) But given the timing, it is a plan for the Five Year Plan, while the aid (which was the most extensive) for the Three Year Plan was decided much earlier.

503 PA MfAA, A7077, Annual report of the embassy of the GDR in the DPRK, Pyongyang, November 1958, 40

504 SED Politburo decision (6 July 1954) and Council of Ministers’ decision (No. 6/10, 3 February 1955 confirmed the pledge.

505 In 1953, North Korea requested delivery of ten turnkey factories, while East Germany agreed on three projects. During his visit to the GDR in 1956 requested larger amount of East German aid than the Aid Agreements (1953-1954) envisioned. The East Germans even appealed to COMECON for a ruling and consider providing a loan for 50 million rubles. The GDR could provide the amount stipulated in the agreements. For example, the amount of a canceled diesel motor plant would be used for supply of consumer goods to North Korea during the Five Year Plan. In September 1956, Kim Il Sung wrote a letter to Grotewohl, demanding the promised equipment be “delivered as soon as possible.” The new demands were declined and Grotewohl is said to have become increasingly disillusioned about the campaign to aid North Korea and sought more reciprocal relations afterwards.

Frank, 57-58
rebuilding Hamhŭng with North Korea’s support of the Soviet position in the Sino-Soviet dispute. Kim decided not to oppose the ending of the project. At any rate, the pledged East German aid to North Korea in the postwar years represented around one percent of the GDR’s GDP in 1954.

Bulgaria followed in the footsteps of the big donors, given the size of its economy. In November 1953, Bulgaria and the DPRK agreed on an aid package for 27 million rubles: 17.8 million rubles in the form of delivery of goods, 3 million rubles for constructing and equipping wood processing plant, and 2.3 million rubles for construction materials plant (both to be completed in 1956). According to the above agreement Bulgaria supplied 812 t. of cotton yarn (7.1 million rubles), 2.859 million meters cotton fabric (8.4 million rubles), and 698 sq.m. window glass (2.2 million rubles). If we add transport costs, the total amount of 1953 agreement becomes nearly 27 million rubles. On March 8, 1955, the Bulgarian Council of Ministers decided (Directive #317) to provide 10.7 million rubles in aid to the DPRK. It was

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506 In the letter to Kim Grotewohl promised to provide the equipment for the Topographical combine envisioned in Agreement 4 between the two countries, but the GDR could not provide aid in excess of it, citing East German economic problems. He further wrote: “Of course, the government of the GDR is ready to provide anything needed to for the reconstruction of Hamhŭng to the DPRK on the basis on bilateral trade. I ask you, dear Prime Minister, to understand our decision. I am convinced that the political, economic, and cultural relation between out two countries will further deepen and solidify in the spirit of the Bucharest Decisions.” This was a reference to the June 24, 1960 Bucharest communist parties meeting, at which Khrushchev openly criticized the Chinese for their nationalism and adventurism.

507 The amount of pledged aid was minimum 545 million rubles (303 million marks) which was one percent of GDR’s GDP in 1954 (30 billion marks), while the actual aid of 370 million rubles represented 0.7 percent.

508 AMFABG, Opis 8p, papka 61, 605, Report on aid agreements between Bulgaria and the DPRK from April 1952 to June 21, 1956, Ministry of Foreign Affairs (re: visit of Kim Il Sung in Bulgaria), Sofia, 1956, 23

509 Ibid.

510 A report of the Bulgarian Ministry of Foreign Affairs refers also to two wartime aid agreements: in April 1952
based on a 1953 agreement between Bulgaria and North Korea for supplies which in 1955 included 500 t. of cotton yarn (4.6 million rubles), 1.8 million meters of cotton fabric (5.6 million rubles), and 15,000 meters of wool fabric (0.5 million rubles). 511

The Bulgarian Red Cross transported 134 rail wagons of goods and materials to North Korea between 1953 and 1955. 512 The supplies included vehicles, machines and equipment, equipment and materials for the medical teams, drugs and hygienic materials, cotton and wool fabric, food, shoes, clothes and other necessities, matches, and cigarettes. 513 The estimated cost of these deliveries, which were funded by the resources of the Red Cross and two national campaigns for individual donations, was 16 million rubles. The amount can be split into war supplies worth 6.2 million rubles and postwar assistance valued at 9.8 million rubles. 514

During the visit of Kim Il Sung to Bulgaria in June 1956 the two governments signed a new aid agreement for supply of goods worth 30 million rubles. 515 10.7 million rubles. 516

and March 1953, totaling 13,204,000 rubles (5,260,557 dollars).


511 Ibid.
Here the East German source points to different total amount of deliveries based on 1955 agreement – 11. 5 million rubles, but since the items and the quantity is identical it is a difference in calculation of prices in a span of two years: 1956 and 1958 – the dates of the two reports.

PA MfAA, 10281, Report from the embassy of GDR in the DPRK, Help of Bulgaria to the DPRK, Pyongyang, 1958, 76

512 A Bulgarian report points to total 216 wagons of supplies (2,197 tones) in 1951-1955 period. It states that during the war Bulgaria delivered transported 82 wagons, so the rest 134 wagons were transported after the war.

AMFABG, papka 46, opis 13, 365, Report by the Bulgarian Red Cross: Aid to the DPRK, 1951-1955, Sofia, March 9, 1956, 18, 19

513 The total supplies in 1951-1955 period were as follows: 13 vehicles; equipment and materials for the medical teams; 270 t. drugs and hygienic materials 1,030,000 meters cotton and wool fabric; 1,193 t. of food; 1,638,210 units of necessities – shoes, clothes and other things; 2,000 cartons of match; 381 units of machines and equipment; 23 t. cigarettes.

Ibid.

514 The assessment is approximate, based on calculation of the value of one wagon of goods (16 million rubles / 213 wagons = 75,117 rubles).

Ibid.

515 It is stated by the Bulgarian ambassador in the DPRK Radenko Grigorov that the Bulgarian government decided to provide aid for 30 million rubles based on the embassy’s suggestion.

AMFABG, Opis 8p, delo 60, 599, Annual report of the Bulgarian embassy in the DPRK in 1956, ambassador Radenko Grigorov, Pyongyang, February 28, 1957, 6

See also PA MfAA, 10281, Report from the embassy of GDR in the DPRK, Help of Bulgaria to the DPRK,
Among the items delivered in 1956 and 1957 were cotton fabric, textile products, food, and other mass consumption products. The net value of the goods supplied for the two years was 22.5 million rubles. In 1958, goods worth 7.5 million rubles were shipped to North Korea. After adding 9.6 million rubles for the care of the North Korean children in Bulgaria in the 1950s, the total amount of Bulgarian aid becomes 76.4 million rubles for the 1954-1961 period.

The help of other East European countries reflects the pattern of supplying goods and building industrial enterprises. Poland contributed 351 million rubles in the period 1954-1957. Most of the aid was for industrial projects and related machines and equipment – around 325 million rubles. Furthermore, Poland supplied materials and goods worth 26.4 million rubles in the postwar years. In 1954, the Polish government supplied “special materials” (most likely weapons and military equipment) worth 16 million rubles. The rest of the supplies included rolled materials, railway wagons, telephones, cotton fabric, paper, food, and medicine. Poland

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516 AMFABG, Opis 8p, papka 61, 605, Report of the Council of Ministers of Bulgaria to Politburo of the CC of the BCP: Aid to the DPRK (re: visit of Kim Il Sung in Bulgaria), Sofia, June, 1956, 17
517 The list for deliveries from Bulgaria to the DPRK in 1956 included: 800 t. textile products, 400 t. sponge; 500 t. soap, medicine for 500,000 rubles, 400 t. biscuits, 2,047,000 meters wool fabric (the second most important item worth 2.3 million rubles), 715,000 pieces garment, 30,000 pieces woolen clothes, 3 million meters cotton fabric (the main item worth 6.2 million rubles), 60,000 pieces cotton clothes, and 100,000 pairs of shoes. In 1957, Bulgaria supplied the following goods: 476,000 t. cotton fabric (for 1.2 million rubles), other types of fabric (2.5 million rubles), 70,000 pieces special clothes (1.4 million rubles; most likely for the army), 102,000 pieces of cotton garment, 27,000 meters wool fabric, 5,000 pieces wool garment, 200 t. soap, 100 pieces children’s coats, 202 km thread, 40,000 pieces rain coats. In 1958, 7.5 million rubles worth of goods remained to be delivered according to the agreement of 1956.
518 The amount is 380 million zloty which is roughly 350 million rubles.
519 Poland supplied materials for 67.2 million rubles in the 1951-1955 period. Since the supplies during the war were estimated as 40.8 million rubles, the deliveries after the war become 26.4 million.
520 The rest of the supplies included rolled materials, railway wagons, telephones, cotton fabric, paper, food, and medicine.
provided 35 million rubles in aid for North Korea’s Five-Year Plan (1957-1961).\textsuperscript{522} We can assume that half of it was in the form of credit. This makes the total amount of aid in the 1953-1961 period 368.5 million rubles.

Czechoslovakia provided postwar aid to the DPRK worth 113 million rubles in the period 1954-1960.\textsuperscript{523} It also provided a loan for 344 million rubles in 1954 for a period of ten years.\textsuperscript{524} Romania provided aid worth 90 million rubles in the period 1953-1960.\textsuperscript{525} The two agreements covered four-year periods. During the first period, Romania supplied oil products, bulldozers, drilling machines, instruments, passenger wagons, fuel tank wagons, cargo wagons, fishing boats, cotton yarn, paper, etc.\textsuperscript{526} Like other donor countries, Romania provided part of the aid in the form of goods. For example, the supplies to the DPRK in 1957 were worth 9 million rubles, and in 1958 – 7.5 million rubles.\textsuperscript{527}

Hungary and the DPRK signed an accord in 1953 for 10 million rubles in deliveries and

\begin{itemize}
  \item AMFABG, Opis 13, papka 47, 575, Quarterly report from the Bulgarian embassy in the DPRK, Pyongyang, April, 1957
  \item PA MfAA, C316/78, Report: Help from the socialist countries to the DPRK, 1950-1962, Ministry of Foreign Affairs, Berlin, April 9, 1964, 30
  \item A Bulgarian report estimated the total aid from Czechoslovakia at 130 million rubles, but we will take into account the smaller amount mentioned in the East German report cited above.
  \item AMFABG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 7
  \item Bazhanova, 102
  \item Romania spent 15 million rubles in 1957, in 1958 – 10.5 million, in 1959 – 5 million, and in 1960 – 3.5 million rubles. It exceeds 25 million rubles agreed in 1956, but probably there was a left over from the first more sizable agreement in 1953 for 65 million rubles.
  \item PA MfAA, C316/78, Report: Help from the socialist countries to the DPRK, 1950-1962, Ministry of Foreign Affairs, Berlin, April 9, 1964, 19, 31
  \item The agreement of 1953 for 65 million rubles of aid stipulated the following distribution per year: 1953 – 15 million rubles, 1954 – 15, 1955 – 15, 1956 – 20. The actual deliveries were as follows: 1953 – 13.9 million rubles, 1954 – 11.9, 1955 – 11.4. The remained was expected to be delivered in 1956. Among the products mentioned, Romania provided 10 passenger wagons, 30 tank wagons, 95 50t.-cargo wagons, 10 fishing boats, etc. The cost of the wagons was 3.2 million rubles.
  \item PA MfAA, 10281, Report from the embassy of GDR in the DRPK, Help of Romania to the DPRK (Russian trsl.), Pyongyang, 1956, 146, 147
  \item PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Romania to the DPRK, Pyongyang, 1958, 97
  \item A Bulgarian report assessed the total Romanian aid in the 1953-1960 period at 98 million rubles: the two four-year agreements for 65 million rubles in 1953 and 25 million in 1956, and a hospital and clinic for 8 million rubles.
  \item AFMBG, opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 6, 7
\end{itemize}
construction of three plants with assumed cost of another 10 million rubles. In 1954, Hungary supplied transport machines and goods worth 15 million rubles, such as locomotives, narrow track locomotives, machines, electric appliances, etc. In 1955 and 1956, Hungary delivered communication equipment for 10 million rubles. There was new agreement in 1956 for 15 million rubles (7.5 million in aid and 7.5 million in loan) but due to the uprising in Hungary in October 1956 almost all aid activities were put to a halt until 1959. The total amount of aid provided by Hungary was about 60 million rubles, including a loan of 7.5 million rubles in the postwar period, 1953-1961.

Poorer socialist countries also contributed even though they needed help themselves. Mongolia provided 100,000 pieces of livestock by the end of 1954: 40,000 cattle, 30,000 sheep, goats, horses, and cows. Since 1953, about 100 Korean workers spent time in a Mongolian sanitarium for rehabilitation annually. The Mongolian aid reached 130,000 rubles. Albania sent clothes to the DPRK for 10 million lek and food (5 wagons) worth 3.5 million lek. In 1955, it shipped 10,000 tones of bitumen (asphalt) worth 10 million lek. Thus, the Albanian aid totalled 23.5 million lek. Soviet source estimated Mongolian aid at 1.76 million rubles, the Albanian aid – 2.64 million, and the Vietnamese aid – 0.44 million rubles. It is likely that some of this amount was wartime aid and we can consider 3 million rubles as a realistic amount of aid from the three countries in the postwar period.

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529 MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Hungary to the DPRK, Pyongyang, 1958, 100
530 Ibid., 101
532 If we calculate the aid in 1959-1961 period (after the aid was resumed) for 7.5 million (a conservative estimate, given the volume of aid in the other years in the 1953-1961 period and that there was already an agreement from 1956 envisioned 7.5 million rubles in aid), the total aid reaches 52.5 million rubles.
534 Bazhanova, 102
Table 3: Fraternal aid, 1954-1961 (million rubles)

<table>
<thead>
<tr>
<th>Country, region</th>
<th>Economic aid*</th>
<th>Loans</th>
<th>Military aid</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USSR</td>
<td>1,160</td>
<td>140</td>
<td>500</td>
<td>1,800</td>
</tr>
<tr>
<td>PRC</td>
<td>1,808</td>
<td>n/a</td>
<td>n/a**</td>
<td>1,808</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>1,042</td>
<td>351.5</td>
<td>16</td>
<td>1,410</td>
</tr>
<tr>
<td>GDR</td>
<td>372</td>
<td>n/a</td>
<td>n/a</td>
<td>372</td>
</tr>
<tr>
<td>Poland</td>
<td>335</td>
<td>n/a</td>
<td>16</td>
<td>351</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>113</td>
<td>344</td>
<td>n/a</td>
<td>457</td>
</tr>
<tr>
<td>Romania</td>
<td>90</td>
<td>n/a</td>
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<td>90</td>
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<td>Bulgaria</td>
<td>76.4</td>
<td>n/a</td>
<td>n/a</td>
<td>76.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>52.5</td>
<td>7.5</td>
<td>n/a</td>
<td>60</td>
</tr>
<tr>
<td>Albania</td>
<td>2.46</td>
<td>n/a</td>
<td>n/a</td>
<td>2.46</td>
</tr>
<tr>
<td>Mongolia</td>
<td>1.76</td>
<td>n/a</td>
<td>n/a</td>
<td>1.76</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0.44</td>
<td>n/a</td>
<td>n/a</td>
<td>0.44</td>
</tr>
<tr>
<td>Total</td>
<td>4,012.2</td>
<td>491.5</td>
<td>516</td>
<td>5,019.7</td>
</tr>
</tbody>
</table>

Source: AMFABG, PA MfAA

*"Economic aid" is defined as non-repayable grant for the economic sector.
**The amount of direct aid included military aid.

In sum, according to the quoted reports, the total help from ten socialist countries (China, the Soviet Union, the GDR, Poland, Bulgaria, Czechoslovakia, Hungary, Albania, Mongolia, and Vietnam) to the DPRK in the period 1953-1961 reached about 4.012 billion rubles. This amount does not account for the help by the Chinese Volunteer Army during its stationing in North Korea. Also, we estimated the amount of 491.5 million rubles which the USSR, Czechoslovakia, and Hungary gave the DRPK in loans (excluding the pardoned loans which are included in the amount of direct aid). Thus the total amount of fraternal aid reached 5.02 billion rubles (1.255 billion dollars), including military aid.

535 Only the East German aid was calculated until 1962 according to figures given in some reports, but the aid from all other countries is based on 1953-1961 period.
536 A Bulgarian report estimated the total socialist aid at around 6 billion rubles, of which 1.5 billion rubles for industry. This amount is most likely for the whole 1950-1962 period, because it is close to the above calculation for the aid in the postwar period plus the aid during the war which we estimated at 1.4 billion rubles.
While the fraternal aid to the DPRK looks massive in the postwar years, we have to evaluate it in terms of the portion of the North Korean annual revenue in order to assess its full impact on the domestic economy. The height of the financial aid was 1954, when it constituted an impressive 34 percent of North Korea’s national revenues (income).\textsuperscript{537} In 1955, the amount of income was 1,082 million new won\textsuperscript{538} and the foreign aid constituted 235 million won or 21.7 percent of the national income. As evident from the table below, the percentage of aid declined to 2.4 percent in 1960.\textsuperscript{539} North Korea’s national income continued to grow (except for 1956) despite the decrease of fraternal aid, which is another quantitative indication of robust economic performance in the postwar years.

\textsuperscript{537} AMFABG, Opis 18, delo 33, 590, Report of the Bulgarian embassy in the DPRK, North Korean economy, ambassador Georgy Bogdanov, Pyongyang, January 10, 1962, 62
\textsuperscript{538} The ratio of new to old won was 1:100, decided in 1959. The new won was almost equal to the yuan (1 won = 1.06 yuan).
\textsuperscript{539} AMFABG, Opis 17, delo 39, 647, Report from the Bulgarian embassy in the DPRK: Economic development and statistics, 1946-1959, Pyongyang, February 7, 1961, 24
Table 4: Fraternal aid as share of North Korea’s income, 1954-1960

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of fraternal aid (million new won)</th>
<th>DPRK’s national income (million new won)</th>
<th>Share of aid (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>n/a</td>
<td>n/a</td>
<td>34</td>
</tr>
<tr>
<td>1955</td>
<td>235</td>
<td>1,082</td>
<td>21.7</td>
</tr>
<tr>
<td>1956</td>
<td>164</td>
<td>993</td>
<td>16.5</td>
</tr>
<tr>
<td>1957</td>
<td>153</td>
<td>1,253</td>
<td>12.2</td>
</tr>
<tr>
<td>1958</td>
<td>63</td>
<td>1,529</td>
<td>4.2</td>
</tr>
<tr>
<td>1959</td>
<td>63.6</td>
<td>1,716</td>
<td>3.7</td>
</tr>
<tr>
<td>1960</td>
<td>50</td>
<td>1,968</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Archival source: AMFABG, PA MfAA

Another way to gauge the significance of socialist aid to North Korea is to compare it with American aid to South Korea in this period. The total American aid was larger – 3 billion dollars – than the socialist aid to the DPRK in the 1950s. If we take into account the population differences, the per capita aid amount in North Korea would be bigger than in the South. However, South Korea was more dependent on the American aid. Even in 1958 and 1959 foreign aid represented 36 percent of the South Korean income. But the structure of the American aid favoured consumer products (usually at a higher than market price). For instance, in 1955, the share of consumer products in the aid to South Korea was 59 percent (the rest 41 percent was for equipment); in 1959, that share increased to 81 percent.\(^{540}\) Furthermore, the socialist countries’ aid to North Korea translated into numerous reconstructed and newly built factories, which had great impact on the economy. Moreover, the cost of products and equipment in the Soviet Union, China, and Eastern Europe was much lower than the deliveries from the United States to South Korea, so that with same amount of aid, the socialist countries could deliver more goods and equipment to North Korea than American aid could deliver to South Korea. North Korea also

\(^{540}\) AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgy Bogdanov, Pyongyang, January 10, 1962, 65, 72
arguably battled corruption more successfully than its southern rivals did, so the outside aid was used more efficiently in the DPRK. The centralized system in the North and the unsettled system in the South was partly the reason for this difference, but the DPRK had more to show for its fraternal aid.

We see the declining trend in the total volume of aid to North Korea in the 1950s, but it was still a considerable amount in absolute and relative terms. The North Korean government hoped for 1 billion rubles in financial aid from the USSR and East European countries for the First Five Year plan (1957-1961), but received 370 million in pledged aid. China replaced the direct aid with trade agreement in 1957 for 100 million rubles. This agreement marked a gradual shift in the economic relationship between North Korea and the socialist world from direct aid to trade. Other countries also signed trade agreements with the DPRK in the 1950s.

The aid undoubtedly cemented the relations between North Korea and socialist countries. The DPRK became an integral part of the international socialist economy. At the same time, the aid created tensions later on for two conflicting reasons. The first one was the declining amount of aid. Usually North Korea asked for more than it was able to receive, although the aid was massive, particularly during the Three Year Plan. The declining aid caused economic problems in the early 1960s and the socialist countries were the first to be blamed for the economic difficulties of North Korea. Second, the aid created more dependency of North Korea on the Soviet Union and other socialist countries which opened possibilities for bigger political influence. The failure of de-Stalinization was a watershed in North Korea’s relations with the socialist world as it tried to distance itself from deeper integration and pursue a more nationalist policy. Still, the paradox of the situation stemmed from North Korea’s need for aid and its dislike

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541 AMFABG, Opis 13, papka 47, 575, Quarterly report from the Bulgarian embassy in the DPRK, Pyongyang, April, 1957
of the political consequences of more dependency and aid.

**Industrial projects**

Of all the forms of aid, the construction and equipment of plants was the most efficient aid provided by the socialist countries to the DPRK. South Korea received arguably more aid from the United States in absolute terms, but North Korea eclipsed its southern rival in linking the aid with concrete industrial results. The targeting of specific industrial projects through financing and know-how from the socialist countries enabled North Korea to achieve an earlier and more successful recovery than South Korea in the 1950s. The aid also helped North Korea to lay the foundation for its successful industrialization effort. It also integrated the country into the socialist economic system, something which had far reaching consequences for North Korea, despite fluctuations in the relations with the Soviet Union and other East European countries in the 1960s.

**The Soviet Union and China**

The Soviet Union led the way in the realization of industrial projects in North Korea. It reconstructed or newly built power plants and factories, which had an important effect on the North Korean economy. It was mentioned that the Soviet Union provided aid worth 300 million rubles for delivery of machines and 390 million rubles on reconstruction and construction of factories. The aid agreement in 1953 for the Three Year Plan (2/3 of the total amount of one billion rubles to be spent by the end of 1954 and the rest 1/3 in 1955) included reconstruction and expansion of seven major enterprises and the building of eight new factories and
facilities. The second aid agreement in 1956 for the Five Year Plan was for 300 million rubles. We have no data for the planned projects, but some of the realized projects listed below were certainly part of the agreement. A technical aid agreement in 1959 envisioned expansion of three plants and the construction of five new ones which were planned for the Seven Year Plan (1961-1966). We have indications that it was accompanied by a separate loan agreement for 350 million rubles. The following is a list of twenty industrial projects implemented between 1954 and 1960. The narrative of the projects enables us to see a more concrete picture of the effect of the fraternal aid on North Korea’s economy.

Soviet specialists repaired and modernized the Sup’ung hydropower plant, so it reached 600,000 kW output in 1957. In the following years, an expansion led to an output of 700,000 kW. Between 60 and 90 Soviet specialists worked on the site. Three of the seven

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542 The seven reconstruction and expansion projects included the metallurgy plant “Kim Ch’aek”, steel work in the city of Kimch’aek (formally Sŏngjin), fertilizer plant in Hŭngnam, colour metals plant in Namp’o, hydropower plant Sup’ung, textile factory in Pyongyang, and the cement plant in Sŏngho-ri (near Pyongyang). The eight projects for new facilities were weaving factory, meat processing factory, fish can factory, factory for sulphur acid, paint factory, chlorine factory, tractor repair plant, and central radio station.

543 Trigubenko, 172

544 The plant started operations in 1944 with 6 electric generators. In the 1945-1950 period, it had normal functioning (1948-1949: repair of the lake wall). The facility was destroyed during the war (the Koreans saved 2 generators and 3 transformers behind cement wall).

545 Of the seven turbines, three (#1, 2, 6) were ready for operation, one (#4) was to be repaired on the spot, while the remaining two (#3, 7) were set up for work in 1953. The first stage of the plant was ready in January 1957. The addition of the turbine #5 increased the output by 100,000 kW.
turbines supplied electricity to China (Mukden and Dailen). The reconstruction of the metallurgy plant “Kim Ch’aek” in Ch’ŏngjin led to an output of 100,000 tons of cast iron and 80,000 tons of coke coal in 1955. It reached an output of 350,000 tons of cast iron and 400,000 tons of coke coal by the end of the decade. The plant would become the biggest project in the Soviet-North Korean economic relationship, as the Soviet Union embarked on an ambitious expansion of the plant in 1959. For this purpose, Moscow provided credit for 350 million rubles, part of which was used for the expansion of the plant. One hundred and ninety Soviet specialists were sent to North Korea to work on the project, which aimed at reaching production capacity of one million tons of steel and 700,000 tons of sheet iron. As mentioned earlier, most of the Soviet loans from the 1950s were converted into aid.

The steel plant in Kimch’aek city (formerly Sŏngjin) produced 47,000 tons of steel and 2,000 t. of steel alloy in 1955 as a result of the rebuilding of electric furnaces, blacksmith department, and a department for electrolyte production. The Namp’o colour metals plant was another big project, which involved both reconstruction of old facilities and construction of new ones. First, the copper department was rebuilt in 1955 with annual production of 2,800 tons. Then an electrolyte zinc production with an annual capacity of 8,000 t. started in a newly built department in August 1957. The expansion continued in 1958 with a new department for gold

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546 PA MfAA, A10244, Report of the embassy of the GDR in the DPRK, Pyongyang, October 26, 1955, 272-274
Also, Ibid., Re: Visit of the hydro power plant Sup’ung, 1957, 289;
Ibid, Re: Opening of hydro power plant Sup’ung, October 16, 1958, 131-133
547 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Help of the USSR to the DPRK in 1957, Pyongyang, January 1958, 57, 58
548 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 2, 3
549 AFMBG, Opis 13, papka 47, 577, Quarterly report from the Bulgarian embassy in the DPRK, second quarter of 1959, trade attaché Yankol Tsvetanov, Pyongyang, July 3, 1959, 4
551 As a rule, the planning of rebuilding of destroyed facilities was done in North Korea by Soviet specialists, while the planning of new facilities was done in Moscow.
Ibid., 48, 56
(7 t.) and silver (30 t.) and a department for electrolyte copper with annual production 2,500 tons. Furthermore, a new facility using the exit fumes of the plant was launched in 1959 with annual production of 18,000 t. of sulfur acid.\textsuperscript{552}

The fertilizer plant in Hǔngnam was destroyed in 1950. The chemical complex had been the largest in Asia at the time. It is interesting to note that almost all of the machines left from the Japanese period were preserved except for one department which had to be entirely modernized with Soviet machines. The GDR also took part in training specialists. The manager of the electric facility was trained in Berlin (VEB Electrokokhole) and four young specialists studied in the GDR.\textsuperscript{553} The rebuilding of the fertilizer plant was carried out between 1955 and 1957. The plant produced 25,000 tons of fertilizer (ammonia sulphate) in 1955 and in 1957 the plan envisioned 75,000 tons of ammonia production. Besides the reconstruction, the Soviet side undertook construction and equipping of new departments of the plant in 1958 for production of 50,000 t. of ammonia and ammonia saltpeter.\textsuperscript{554} The plant reached an annual capacity of 100,000 t. of ammonia, 250,000 of ammonia sulphate, and 136,000 t. of ammonia saltpeter in 1959.\textsuperscript{555}

The next project on the Soviet aid list was the Pongun chemical plant, for which the

\textsuperscript{552} AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 4

\textsuperscript{553} PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Hǔngnam fertilizer plant, Pyongyang, October 16, 1957, 278-279

\textsuperscript{554} At later stage (after 1958), the plan envisioned increase of annual production of Hǔngnam plant to 400,000 t. of ammonia sulphate.

\textsuperscript{555} AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 2, 3
Soviet Union supplied machines for one department. The expansion of the plant was completed in 1958 and produced 10,000 t. of acid. The cement plant in Šųngho-ri (near Pyongyang) is another reconstruction project which involved supply of equipment to furnace installation and rebuilding of the plant in 1956. Further on the list was the slate plant in Chongnan-ri, which was modernized through mechanization of the production process. Also, machines and other equipment were delivered to the textile plant in Pyongyang with the addition of a new coloring department for cotton and artificial silk fabric with annual output of 45,000 meters.

A meat processing factory in Pyongyang was built in 1956 with annual production capacity for 1,000 t. of sausages and 1,000 t. of cans with cooling storage for 50,000 t. of products. A fish can factory in Sinp’o was built in June 1957 with annual production of 4,000 t. and 150 t. crab cans. A new veneer and plywood plant in Kilju was constructed in 1959 with production of 40 cbm of veneer and 48 cbm plywood per day. Twenty Soviet specialists worked in the plant in 1958. Most of the wood was supplied from the USSR, while the machines

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556 The GDR also participated in this project: design of the building and rebuilding of other departments. PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 47, 56
557 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3
558 The plant was opened on April 20, 1958, as Kim Il Sung and the Soviet deputy minister of chemical industry Afomov attended the ceremony. PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Opening of Hŭngnam chemical plant, April 20, 1958, Pyongyang, April 23, 1958, 145
560 See also AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3
562 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3
were from the USSR, the GDR, Czechoslovakia, and Finland.\footnote{PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Visit of plywood processing plant in Kilju, October 16, 1958, Pyongyang, 115}

There was a paper factory in Kilju, built in 1937 by the Japanese and dismantled by them before leaving in 1945. It was rebuilt in the 1940s by the Soviet Union and other socialist countries. It was 75 percent destroyed in 1950 and again rebuilt in 1954 with help from the Soviet Union.\footnote{MfAA, A10244, Report of the embassy of the GDR in the DPRK: Visit of paper plant in Kilju, October 18, 1958, Pyongyang, 119} Another project was the furniture factory in Pyongyang, which was completed in October 1957 with annual output for 400 million won (20 million rubles).\footnote{PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 49, 57} The Soviet aid program included the electrification of the railway between Chŏngp’yon and Kowôn. Two electric installations were built along the line by the end of 1957.\footnote{The first part from Yang-dong to Changson was completed in the first quarter of 1956. Ibid. 49, 57}

Further on the list were two tractor repair shops in Sariwŏn respectively.\footnote{AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3} The latter one was ready in November 1957 with capacity of 300 tractors and 300 engines repaired per year.\footnote{Ibid., 2} The Central radio station in Pyongyang was completed in 1955.\footnote{Ibid., 3} The Soviet Union constructed and equipped new cement plant “February 8” in Madon in 1959 with annual capacity for 400,000 tons.\footnote{PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 57} A silk spinning mill and weaving factory and were built in Pyongyang in 1959. It was equipped with 1,000 weaving machines (250 of them Soviet made) and 10,000 spindles.\footnote{See also AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 3}

Besides the twenty listed industrial sites, there were seven additional projects carried out...
within the framework of trade agreements between the USSR and the DPRK but in the form of aid. One such project involved rebuilding a concrete plant in Pyongyang, which was completed in December 1957. It had an annual production of 45,000 cbm of concrete and steel forms. A group of Korean construction workers studied in Moscow to learn how to construct the plant.\textsuperscript{571}

Another project involved the building of two grain mills. There was a plan for the construction of four poultry processing plants, but the Korean side settled on one such facility, which was built with Soviet aid in 1957. A facility for processing bones and horns was equipped with Soviet help at the poultry processing plant. The electrification of the railways continued with Soviet help. The 40-kmolmeter Yang-dong – Sinch’ôn-dong railway line was electrified in 1958 through the construction of two electric installations.\textsuperscript{572} Furthermore, a thermo electric installation (50 tons of steam per hour) was erected at the textile factory in Pyongyang. The Soviet Union also helped construct and equip a furniture factory under the aid program.\textsuperscript{573}

Hence there were 27 Soviet projects (of which 25 were factories and other industrial installations and two related to infrastructure) in North Korea in the postwar reconstruction period, 1953-1961. But these were only projects in which the Soviet Union was the leading force and financer.

There were also projects in which the Soviet Union and other countries helped by supplying machines for factories, which were rebuilt or newly built with North Korea’s own financial recourses. One such example was the plant for electrical equipment with porcelain coating. Built by the Japanese in 1944 (now 50 percent of the building area), the plant was dismantled in 1945 (it is unclear whether by the Soviets or the Japanese). The production

\textsuperscript{571} PA MfAA, A7013, Report of the embassy of the GDR in the DPRK: Collection of Materials on the Help of Brotherly Countries to the DPRK, Pyongyang, January, 1956, 49, 57
\textsuperscript{572} Ibid. 50, 58
\textsuperscript{573} See also AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 4
restarted in 1946 but was fully destroyed during the Korean War. The North Korean government
rebuilt the plant with socialist help in 1954 (to double its size prior 1945) and exported its
products to the USSR, China, Vietnam, and Indonesia. It was a big plant which employed 3,000
workers and 120 technicians. The machines were from Japan (left from the colonial era), the
GDR, and Hungary.\textsuperscript{574} It is difficult to know the number of such projects, but given the fact that
the major source of know-how and machines were from the socialist countries (plus the left over
from the Japanese and some machines from the West), it would not be a far-fletched conclusion
to make that most, if not all, of the rebuilt and newly constructed factories were equipped with
machines and tools from the Soviet Union and other socialist countries. Another example in this
regard was the fish processing factory in Ch‘ŏngjin. Although the Japanese sank the fishing
boats in 1945, the factory operated at a minimal production capacity during the Korean War with
only two boats. By 1958, the facility already had 35 ships, which included trawlers from the
USSR (interestingly, re-exported from the GDR) and over 50 wooden boats.\textsuperscript{575}

Furthermore, the Soviet Union constructed six “special sites” in North Korea\textsuperscript{576}, which
was the code word for military installations and facilities. The Soviet Union continued shipments
of weapons and military equipment in the 1950s (we mentioned the amount 500 million rubles).
It is fair to assume that the construction of military sites and installations were implemented
under the overall aid program, rather than as an additional program.

The Soviet Union provided aid for important infrastructural projects. In addition to the
two earlier mentioned projects for electrification of railway lines, we found evidence for three
other projects. The Soviets helped to build a gas pipeline (41 km long) from Hwanghae to

\textsuperscript{574} PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Plant for electrical equipment (porcelain
coating), Pyongyang, October 16, 1958, 120
\textsuperscript{575} PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Visit in Ch‘ŏngjin on September 25, 1958,
Pyongyang, October 16, 1958, 121
\textsuperscript{576} AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK,
Pyongyang, 1960, 5
Pyongyang. Another project was building a steel bridge over the Tumen River which was completed in 1959. Furthermore, Soviet specialists took part in construction of irrigation system and water reservoir near Anju which was to irrigate 25,000 ha of arable land. Soviet sources claim that the Soviet Union contributed to 40 projects as of 1960.\footnote{Bazhanova, 24, 27, 30} This account fits our estimate of 25 industrial projects, 6 military, and the rest 5 infrastructural projects. The remaining four could be civil projects like hospital reconstruction in Pyongyang (mentioned in the humanitarian aid). Thus we can take 40 as realistic total number of projects materialized with Soviet aid (more precisely those with a leading Soviet role, because there were some in which the Soviets played a secondary role) during the 1950s. In addition, the Soviet Union designed 19 projects: 6 plants and 13 civilian buildings and facilities. The industrial projects included plants for synthetic rubber, antibiotics, a coal mine (annual capacity of 600,000 t.), a coal processing facility, a coal enrichment plant, and a bread-making plant (25.5 t. daily output). The civilian projects included rail stations in Kanggye and Siiju, six schools, three cinemas, and two maternal hospitals in Kanggye and Pyongyang.\footnote{Ibid., 87}

The Soviet Union helped North Korea rebuild power stations and factories built during the colonial time. It is important to note that virtually all of rebuilt plant and facilities were originally constructed during the colonial period with Japanese capital and technology. Their reconstruction and expansion represented a transition from the colonial legacy to the integration of North Korea into the socialist system in terms of capital, technology, and management. Soviet specialists designed and constructed new factories in the 1950s. This decade was the most dynamic period in the Soviet-North Korean relationship, which was in sync with the active Sino-Soviet economic cooperation at that time, described by William Kirby as the biggest planned
technology transfer program in world history.\textsuperscript{579} The Soviet Union provided aid for projects on the basis of two landmark agreements with North Korea in 1953 and 1956. In addition, two new agreements were signed in March 1959 and December 1960 for 1.050 billion rubles in aid, which included eleven big industrial projects.\textsuperscript{580} We will discuss them in the next chapters, because they were realized in the 1960s.

Chinese aid came mostly in the form of the delivery of raw materials and semi-finished goods, and partly through financing of reconstruction projects. Nevertheless, China also provided technological help for the implementation of industrial projects. We found evidence for three sites: glass work, factory for cosmetic products, and a leather factory.\textsuperscript{581} In addition, China was actively involved in construction efforts. It provided construction materials for 90 construction sites in North Korea. Among them are emblematic buildings in Pyongyang, such as Kim Il Sung University, Maranbon Theatre, the Party Academy, the Taedongmun Theatre, the Council of Ministers building, the buildings on Kim Il Sung square, a bridge over Taedong River, railway repair shops in Pyongyang and Wŏnsan, numerous schools and dormitories, etc.\textsuperscript{582} It is very likely that many of these buildings were constructed with the help of the CVA.

\textit{Eastern Europe}

The GDR was the third largest contributor to the reconstruction of North Korean economy. East Germany supplied products, such as medicine, chemicals, clothes, machine building tools, mass appliances, laboratory devices, cinema equipment, high voltage materials,
and testing devices for machines and appliances.\textsuperscript{583} The GDR helped the DPRK by providing designing and constructing three industrial projects. East Germany provided automatic telephone stations in Pyongyang with 6,000 connections. The GDR was involved in the reconstruction of the cement plant in Chongnan-ri. A new publishing and printing house was planned between 1958 and 1960. There was also a plan for a plant to produce diesel locomotives, but eventually the project was scraped at Kim Il Sung’s request in 1956 and substituted with supplies of goods for mass consumption worth 18 million rubles.\textsuperscript{584} It appeared that the supply of basic goods still posed a problem in the second half of the 1950s, even though the North Korean government launched its ambitious Five Year Plan in 1957.

A cigarette factory in Pyongyang can illustrate the link between the colonial industrial legacy and postwar reconstruction – a mix of continuity and change. It was a small factory for 40 years, established probably in 1916 by the Japanese with an annual output of 1.5 t. cigarettes. It reached 4 t. of production in 1945. The Soviet army expropriated the factory; first it was destroyed during the war, but the Soviets repaired the machines and continued production. After the war the GDR supplied 12 machines and the production reached 20 t. (with 200 workers in the factory). The East German government signed an agreement in 1956 for North Korean exports of cigarettes to the GDR and in 1957 the volume increased.\textsuperscript{585}

The reconstruction of the city of Hamhung\textsuperscript{586} - the second largest city in North Korea – stood out in the aid program. Formally, the project lasted from 1955 to 1962 at a cost of 208 million rubles. However, the spending for the reconstruction of Hamhung and the near port city of H\u0101ngnam (the third largest city in North Korea) was most intense in the 1955-1957 period.

\textsuperscript{583} PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of the GDR to the DPRK, Pyongyang, February 1958, 62
\textsuperscript{584} Ibid.
\textsuperscript{585} PA MfAA, A10244, Report of the embassy of the GDR in the DPRK, Pyongyang, April 23, 1958, 186
when the East German government contributed 81.8 million rubles to the project. Also, most of the 5,236 apartments built in the two cities were completed in 1955-1958 period – 4,700. Most of the budget for the three years (82 percent) was allocated for supply of materials and 18 percent was for payment of the German workers in North Korea. The GDR provided transport machines (1,156 units), construction equipment (574 units), and construction materials and products for rebuilding the city. From 1955 to 1959, East Germany shipped 1,866 wagons with 23,553 tons of materials, machines, and instruments to North Korea for the reconstruction work in Hamhung.

Besides the apartments (the main construction effort in Hamhung) the GDR built schools, kindergartens, stores, restaurants, public baths and laundries, clinics, stadium, and a gallery – a full list of social services. Furthermore, the construction plan included infrastructural projects such as two water purifying pools with a capacity of 2,600 cbm and 17,000 cbm per day, a water pump station for 150 cbm per hour, and a 300-meter long and 30-meter wide bridge over the Sŏngch’ŏn River.

The East German specialists helped the construction and equipping of number of factories and workshops in Hamhung within the framework of the city reconstruction plan.

587 In 1955 the GDR spent 23.8 million rubles, in 1956 – 35.5 million, and in 1957 – 22.5 million. PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of the GDR to the DPRK, Pyongyang, February 1958, 63
588 The 2,589 apartments with space of 148,769 square meters were constructed as follows: in 1955 – 400 apartments (12,180 sq.m.) in Hamhung, 1956 – 437 (12,240 sq.m.) in Hamhung plus 46 in Hŭngnam (2,219 sq.m.), 1957 – 862 (52,628 sq.m.) in Hamhung and 844 (53,802 sq.m.) in Hŭngnam, and in 1958 – 2,111 apartments (plan). Ibid. 65, 66
589 The transport machines included, for instance, 92 heavy duty trucks, 86 trailers, 40 haulers, 77 diesel locomotives, 10 bulldozers, 5 auto cranes, 864 skip load trucks – all 1,156 units. The GDR supplied also 2,645 tones of rail material. The list of construction equipment was as follows: 6 excavators, 2 tower cranes, 87 conveyer lines, 61 concrete mixers, 7 street construction machines, 92 concrete machines (shaking and mashing), 294 pumps, and 25 compressors – all 574 units. The construction materials and products included steel, electric materials, ceramic goods and apartments, home appliances like ovens, etc. Ibid. 63
591 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 8
These facilities were designed to service the huge construction effort in Hamhung and Hungnam. One such project was the establishment of a repair plant for transport and construction machines, equipped with 92 metal-working machines. Furthermore, a timber processing factory produced doors, window frames, furniture and other products for construction. A concrete plant in Hamhung produced 11,000 cbm concrete-steel parts in 1957 and 26,000 cbm in 1958. Three brick and tail facilities in near Hamhung produced 10 million roof tails and 33 million bricks per year. The GDR provided equipment for a brick factory in Hamhung which produced 40 million bricks per year.

Two stone processing facilities were constructed. The first was for stone breaking and carving with an annual capacity of 50,000 cbm. The second one was for stone tails with a capacity of 10,000 cbm. A pipe factory reached an annual capacity of 500 km pipes (10,000 t.) in the range of 5 cm to 50 cm diameter. East German specialists also designed a cardboard factory and a glass factory. Thus, there were at least eleven industrial projects carried out in Hamhung and other cities with the help of East Germany in the postwar reconstruction period in North Korea. We can surmise that the GDR was directly involved in building 15 industrial sites in North Korea in addition to the huge rebuilding effort in Hamhung and Hungnam.

The GDR also took part in projects which were managed by the North Koreans. For instance, the Hwanghae steel plant was the first major project rebuilt by North Korea. The plant had five Siemens-Martin blast furnaces from colonial times, three of which were repaired after the war. The plant produced construction steel whose quality corresponded with Soviet GOST standards. The fine rolled steel production was to be mechanized during the First Five Year plan. One Japanese compressor which was used in the Siemens-Martin blast furnace was replaced by a

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592 Ibid. 64, 65
See also AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 8
new one from the GDR. East Germany also supplied measurement instruments.\textsuperscript{593} The plant therefore contained a remarkable mix of pre-Second World War Japanese and German technology plus East German know-how, based on Soviet technological standards.

No doubt, the North Koreans were grateful for the socialist help during the difficult postwar years. The fraternal aid generated positive perception among North Koreans about the DPRK’s economic cooperation and integration into the international socialist community which was very supportive. The North Korean media reflected the spirit of solidarity and friendship prevalent in North Korea’s relations with socialist countries, practically during the Three Year Plan. At the same time, the paternalistic attitude of East European specialists in North Korea had potential of a backlash among the North Koreans. Lee You Jae noted that the East German specialists in the DPRK had “colonizing trait” toward the local “little people.” They boasted the “quality German work” exposing their “national arrogance.” North Korean workers in Hamhŭng complained that the “Germans speak in Hitler-fascist tone.”\textsuperscript{594} A Russian source also acknowledged of “mentor” attitude of Soviet “senior brother” toward the North Korea “junior brother” as one of the reasons for DPRK’s discontent and creation of rift between the two allies.\textsuperscript{595} The general socialist paternalism was one of the reasons for North Korea’s deviations in ideology, politics, and economic cooperation at the end of the 1950s and early 1960s, setting a diverging course from the socialist system.

Bulgaria and North Korea signed an agreement in November 1953, which included the construction of two plants. The first was a wood processing plant, worth 3 million rubles, with

\textsuperscript{593} The opening ceremony on April 30, 1958 was attended by Kim Il Sung, ministers, and ambassadors. It was big scale plant with 3,500 workers.\hfill \textsuperscript{\textcopyright} PA MfAA, A10244, Report from the embassy of the GDR in the DPRK, Pyongyang, May 2, 1958, 142

\textsuperscript{594} Some East Germans had penchant for Korean “exotics,” as they indulged in alcohol, sex, and “other profligacy.” We have no evidence of such wide-spread behavior among foreign socialists in North Korea but even isolated incidents could not fail to make a bad impression on the local population.\hfill \textsuperscript{\textcopyright} Lee You Jae, 147-148, 158

\textsuperscript{595} Bazhanova, 33
an annual capacity of 50,000 barrels and 130,000 sq.m. floor wood tails. The second plant was a construction materials plant, worth 2.3 million rubles, which produced 10 million bricks and 5 million roof tails. The two projects were not representative of all projects from the socialist countries, but serve to illustrate some common problems. The construction of the plants confronted problems, which were common for the North Korean economy as well: shortage of labour and materials.

Bulgaria dispatched 16 specialists for the wood processing plant construction. There were a dozen specialists for the brick and tail plant. The start of the construction of the wood processing plant was planned for 1955 but no construction materials were allocated. Only the arrival of the Bulgarian specialists prompted some action from the North Korean authorities (the Ministry of Light Industry was responsible). Also, of the requested 800 workers, the North Korean side promised 500. Three hundred and eighty employees worked on the site. There were problems from the Bulgarian suppliers too. Defective machines for the brick and tail plant delayed the completion of the project. The site of the brick and tail plant was changed from Ampyŏn (Kangwŏn province) to Pyongyang, the same site as the wood processing plant. The construction of the brick and tail plant also lacked construction materials. The implementation of the two projects was marred by delays and redesigning.

Kim Il Sung visited the construction sites twice in the first half of 1956, indicating...
the importance which the North Korean leadership attached to international projects. One can assume that Kim Il Sung was a frequent visitor to other projects implemented with fraternal help. The projects were examples of international cooperation and integration. For example, the design, financing, equipment, supervision of the construction of the brick and tail plant, and the training of workers were provided by Bulgaria. A Polish team conducted a survey for suitable clay for the brick and tail plant. Part of the construction material (steel) was imported from the USSR and China.\(^{602}\) Some of the construction materials and the labour were naturally provided by the host country. Such cooperative mechanisms were commonplace in other industrial projects. In some cases, part of the equipment was imported from western suppliers as well. The two Bulgarian plants were completed in September-October 1956.

Poland was a big contributor in this field with six industrial projects. Poland began its assistance with funding the reconstruction and modernization of a locomotive repair plant and wagon repair plant in Pyongyang and Wŏnsan in 1957.\(^{603}\) The two plants cost 290 million rubles.\(^{604}\) The wagon plant was built by the Japanese who took part of the equipment after the end of the Second World War. Although the plant was destroyed during the Korean War, its

\(^{602}\) The Soviet Union provided 113 tons of steel materials and 1,200 small wagons for the brick and tail plant.

\(^{603}\) The annual capacity of the shop in Pyongyang was general repair of 92 locomotives and partial repair of 184 locomotives; whole repair 65 passenger wagons and 820 cargo wagons. The Wŏnsan shop repaired the same number of locomotives per year plus 180 passenger wagons and 1,230 cargo wagons.

\(^{604}\) The help included planning, sending Polish specialists, providing machines, construction materials and equipment, etc.
equipment was removed just prior to the UNC northern offensive and then returned after the war. The Polish rebuilt and enlarged the complex, which produced 30-ton and 60-ton cargo wagons. From 1961 the plant was set to start production of tank wagons as well. Together, the two plants employed 4,500 people.605

Furthermore, the coal mines in Anju and Sinjang (South P’yŏngan province)606 were modernized with Polish help in mechanizing and electrifying the facilities. As a result, coal output in Anju doubled and in Sinjang it tripled.607 The repair costs were estimated at around 30 million rubles. Furthermore, Polish specialists also designed a general urban plan for Chŏngjin and a plan for two housing and recreational complexes in Pyongyang and Chŏn'an, including health care centers and schools.608

Czechoslovakia helped North Korea with the construction of a machine building plant in Hŭich’ŏn (in the southern part of Chagang province) through planning, delivery of machines and their installation. The plant produced 1,000 machine tools per year and in 1958 it produced the first metal processing machines (Soviet type SU50).609 It is interesting to note that the facility was built underground610, like other factories during and after the Korea War. Another project built with Czechoslovakian help was a plant for machine tools and mass appliances in Wŏnsan.

605 AFMBG, Opis 17, papka 39, 646, Report from the Bulgarian embassy in the DPRK, trip to Wŏnsan, Hamhŭng and Hŭngnam, ambassador Georgy Bogdanov, Pyongyang, January 14, 1961, 11
606 The Japanese built the Sinjang mine for anthracite coal: 3000 workers were employed with 500,000 t. annual output (12 t. output per miner in one month). In 1945, the mine was partially destroyed, so the capacity decreased to 200,000 t.
PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Visit of anthracite coal mine Sinjang on August 2 1957, Pyongyang, August 8, 1957, 296, 297
607 In 1954 Anju produced 150,092 t. of coal, while in 1956 – 250,280 t, and the plan for 1957 was 285,000 t. In Sinjang the output was 164,900 t. in 1954 (bellow the level of 1945), 407,775 t. in 1956 and the plan for 1957 500,000 t.
PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Poland to the DPRK, Pyongyang, 1958, 86, 87
608 Ibid., 87
609 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1.958, 79
610 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 7
It was ready in 1959.\textsuperscript{611} Originally it was built in the mountain in 1952 and supplied spare parts for tanks. In 1958, the plant was supplied with 650 tool machines, mostly from Czechoslovakia, but also from the GDR, the USSR and a few from France and Switzerland. It was not the only project for which machines were imported from Western countries. (The socialist benefactors sometimes decided to import equipment from third countries for the realization of their projects in North Korea.) Thirty Czech specialists worked in the Wŏnsan plant for one year. Eighty-five North Korean specialists were trained in the socialist countries.\textsuperscript{612} Furthermore, a plant for auto spare parts in Tŏkch’ŏn (South P’yŏngan province) and an auto service shop in Pyongyang were rebuilt and modernized.\textsuperscript{613} The Tŏkch’ŏn plant started production of trucks by 1960.\textsuperscript{614}

Czechoslovakia provided North Korea with a loan for the reconstruction of a cascade in South Hamgyŏng province consisting of three hydro power plants.\textsuperscript{615} The Czechs not only provided the loan but also technical assistance for the reconstruction of this cascade which was originally built by the Japanese.\textsuperscript{616} This would become one of the three largest sources of electricity in North Korea along with the Sup’ung plant (North P’yŏngan province) and the Poch’ŏn plant (North Hamgyŏng province).

Czech funding for a cement plant rebuilding project in Chongnan-ri (60 percent

\textsuperscript{611} PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1958, 80
An indication for its size is the fact that no such facility existed even in Czechoslovakia at that time.
AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 7
\textsuperscript{612} PA MfAA, A10244, Report of the embassy of the GDR in the DPRK: Visit of the machine plant in Wŏnsan, 2 December, 1958, Pyongyang, 109
\textsuperscript{613} PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1958, 80
\textsuperscript{614} AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 7
\textsuperscript{615} The plants were in Changjin with capacity of 255 MW, in Pukch’ŏng with annual output of 275 MW, and in Höch’ŏn with capacity of 275 MW, which was to grow to 390 MW.
PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1958, 80
\textsuperscript{616} AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 12
destroyed during the war) involved the reconstruction of a steam power plant for 7.2 MW. Czech specialists helped to modernize the facility for limestone breaking and producing coal dust from anthracite coal. East German specialists (from a cement plant in Dessau) also worked on the site.

The Chongnan-ri plant had three Unax furnaces (one of them was repaired) and produced cement 280, very strong for its time. Czechoslovakia also participated in the reconstruction of the colour metals plant in Namp’o, along with the Soviet Union. Czech engineers designed a plant for turbo fans for electric motors, transformers, electric appliances, etc. In sum, Czechoslovakia was directly involved in rebuilding or constructing of seven industrial sites and took part as subcontractor in a couple of other projects.

Romania participated in the realization of three industrial projects through two aid agreements with the DPRK in 1953 and 1956. The first one involved building a cement plant in Ich’on (Kangwon province) in 1960, which was designed for the production of 200,000 t. of cement. Romania provided equipment and sent 20 specialists for the installation of the equipment.

The second project was an aspirin factory in Sungchonam. For that purpose Romania sent several specialists. The factory had a capacity of 25 t. of aspirin and 35 t. of salicylic acid. Romania also built a brick and tail plant in Pyongyang with an annual output of

617 Chongnan-ri plant had two operating Unax furnaces (one of them was being repaired) with capacity of 220 t. daily. A third furnace was being repaired. The plant produced cement “280,” very strong for its time. Three Czech specialists worked there in addition to two German specialists.

PA MfAA, A10244, Report of the embassy of the GDR in the DPRK : Trip to Chongnan-ri, Pyongyang, April 9, 1958, 146-148

Also, Ibid., Re: Visit of cement plant in Chongnan-ri, September 9, 1957, 292, 293

618 The Czech involvement was building a department for production of sheet iron.

AFMBG, Opis 17, papka 39, 646, Report from the Bulgarian embassy in the DPRK, trip to Namp’o, ambassador Georgy Bogdanov, Pyongyang, February 25, 1961, 17

619 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Czechoslovakia to the DPRK in 1957, Pyongyang, 1958, 80, 81

620 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Romania to the DPRK, Pyongyang, 1958, 96

621 Ibid.

622 PA MfAA, A10244, Report of the embassy of the GDR in the DPRK, Opening of a factory built with help from Romania, Pyongyang, September 5, 1958, 140
Hungarian aid to the DPRK was on par with other East European countries with two agreements in 1953 and 1956, but it suffered a setback for three years in the wake of the Hungarian uprising. Thus its industrial projects were delayed. There were three plants built in North Korea with Hungarian help. One such project was the plant for machine tools in Kusŏng (North P’yŏngan province), which was ready for operation in August 1959. The plant produced 1,000 instruments per year, including drilling machines and cutting machines. This plant was another example of multinational economic cooperation. In 1957, two East German specialists worked in the plant, and the machines were supplied by the USSR, Hungary, the GDR and Czechoslovakia.

Hungary built another plant in Kusŏng in 1959 – for measurements and weights, producing 17,000 units annually, ranging from 20 kg to 1 ton (from grey iron and wrought iron). Another project was a textile paint which became operational in 1960 as part of the chemical industrial complex in Pongun, Hamhŭng. It produced 890 t. of paint for wool fabric annually. Forty Hungarian specialists worked on the project and twenty of them remained in 1961. Hungary dispatched engineers and managers to build the other factories mentioned above and run the production for one year after their launching. It also trained specialists for managing them. In addition, Hungary sent 34 engineers for assisting the rebuilding of

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623 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Romania to the DPRK, Pyongyang, 1958, 96, 97
624 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Hungary to the DPRK, Pyongyang, 1958, 101
626 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Hungary to the DPRK, Pyongyang, 1958, 101
627 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 6
628 AFMBG, Opis 17, papka 39, 646, Report from the Bulgarian embassy in the DPRK, Trip to Wŏnsan, Hŭngnam, and Hamhŭng, ambassador Georgi Bogdanov, Pyongyang, January 14, 1961, 13
Pyongyang.  

Hungary participated also through engineering work. It provided technical documents for building an underground shaft building plant near Hongwŏn (South Hamgyŏng province) for which was completed in 1956.

An important form of help from the socialist countries in the 1950s came in the form of loans on favourable conditions. For example, Czechoslovakia provided a loan for six projects in the 1950s and Hungary provided long-term credit (7.5 million rubles) for the First Five Year plan. Still, the loans in the 1950s were only 18.8 percent (1 billion rubles) of the overall money flow (5.32 billion rubles) from Eastern Europe to the DPRK. Moreover, most of this amount appears to have come from a Soviet loan from the 1940s. A sizable portion of the loans were eventually pardoned, which turned them automatically into aid. As mentioned earlier, the Soviet Union pardoned 760 million rubles of credits in 1960 (in addition to the rescheduling of 140 million rubles of loans).

To summarize, the socialist countries provided aid for 64 documented industrial projects and a large number of projects in infrastructure and civilian construction. In addition, the Soviets helped North Korea build 6 military sites. It is possible that the Chinese contribution in industrial projects in underestimated. We cited three plant sites, but it is likely that the Chinese participated in more projects, both industrial and military. (It is hard to imagine that China could build the same number of factories as Hungary, despite its relatively weak industrial base.) Bazhanova estimated around 50 enterprises built (or rebuilt) in North Korea with Chinese help by the end of the 1960s. The author provides few specifics, but we can assume that a good portion of the factories were built in the 1950s, although the first half of the 1960s was the

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629 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 6
630 Ibid.
631 Bazhanova, 147
“golden era” in Sino-North Korean relations. The help was probably concentrated mostly in construction work (supply of materials and financing) and it is fair to assume that China was involved in about 30 industrial projects in North Korea in the 1950s. Thus the total number of industrial projects realized through fraternal aid would be in the realm of 90. Soviet sources estimated 320 rebuilt or built large and medium size plants and factories in North Korea between 1954 and 1956. When we put the socialist industrial aid in the context of postwar reconstruction years it will make approximately 20 percent (65 projects) of 320 rebuilt or built factories in North Korea during the Three Year Plan.

If we look at the effect of aid on key sectors of North Korea’s industrial economy, the contribution becomes even more impressive. Toward the end of the Three Year Plan, the plants which were restored or built with Soviet assistance produced all the cast iron and coke (Kim Ch’aek plant) in North Korea, 50 percent of the electricity (Sup’ung hydropower plant), 76.5 percent of mineral fertilizers (chemical complex in Hamhŭng), and 82 percent of the cotton fibre (textile factory in Pyongyang). The fraternal aid comprised 80 percent of North Korea’s industrial investments during the same period. By the end of the Five Year Plan, as of 1960, Soviet assistance to North Korea was linked to the entire production of electrolyte copper, refined gold and silver, paper, and canned food (meat, fish, and fruits). Soviet aid accounted for 40 percent of electricity output, 51 percent of the cast iron production, 53 percent of the coke production, 22 percent of steel production, 33 percent of sheet iron production, 44 percent of the electrolyte zinc production, 90 percent of ammonium nitrate, 18 percent of the cement output,

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632 Vanin, ed., 249
633 It is fair to assume that the bulk of the plants and factories which were reconstructed or built with socialist aid was materialized during the Three Year Plan. We can roughly split the projects in ratio 3:1 between the Three Year Plan and the Five Year Plan because this corresponds to the amount of aid provided to North Korea during this period. Thus we can reach the number of around 65 projects which were realized or contracted for the Three Year Plan (some factories were launched with delays).
634 Vanin, ed., 250, 253, 256
and 67 percent of the cotton fabric production.\textsuperscript{635}

Given that copper and zinc were among North Korea’s major export products, Soviet assistance contributed to the development of an export economy. It also must be noted that some of the key industrial sites were initially built by the Japanese, most notably the Sup’ung hydropower plant and the chemical complex in Hamhûng, which were the largest facilities in Asia in their respective industrial sectors. The Soviets played a key part in their rehabilitation and expansion after the Korean War. Therefore, in some cases, Soviet specialists restore plants left from the colonial era twice in the span of a decade.

The aid for reconstruction of old factories, facilities, and infrastructure and building new ones (around 1.5 billion rubles) played a decisive role not only in the reconstruction process but also to the modernization of the economy. The socialist countries participated in other industrial projects in North Korea by providing technical assistance and machinery. When we also take into account the rebuilding of the second largest North Korean city (Hamhûng), the aid for numerous infrastructural and civilian projects, and the immeasurable role of the CVA in rebuilding projects, the impact of the net fraternal aid in the 1950s was considerable. Military aid was also critical for North Korea’s security through the supply of arms for the KPA and the building of arsenals and other military facilities. Given that the amount of loans provided to the DPRK was a small portion of total funds from socialist countries in the 1950s, the majority of listed projects and contributions were in the form of direct aid.

\textit{Technical assistance}

The key in the industrial aid to North Korea was the technology transfer it involved. During the war such transfers were almost non-existent, as more urgent supplies of weaponry,
food, medicine, and clothes were the major form of aid. The end of the war changed the structure of the aid. The socialist countries were almost an exclusive supplier of technical goods, equipment and know how, which laid the foundations for North Korea’s industrialization. Thus, technology transfers deserve attention in this and the following chapters. Besides the industrial projects, technology transfers from the USSR, China, and the East European countries to North Korea materialized in various forms of education.

Technology transfers in the realm of human resources were a common form of aid from the socialist countries. Exchanges of specialists worked both ways: North Korea sent specialists to brotherly countries for education and the socialist governments dispatched engineers and technicians to manage projects in North Korea and train local specialists. Also, thousands of North Korean students received their degrees in China, the USSR and other East European states, which prepared the human resources not only for postwar reconstruction, but also for the economic development of North Korea.

The Soviet Union sent 600 specialists to North Korea during the Three Year Plan: engineers, geologists, agronomists, economists, lecturers, and scientists. In the period between 1955 and 1961, 1,680 Soviet specialists worked on projects in North Korea, while 60 of them were advisors at various DPRK ministries and government agencies. Also, 473 North Korean specialists received production process training in the Soviet Union. Also, 200 North Korean specialists studied the Soviet experience (organized in 69 themes) in plants, research institutes, and kolhoz and sovhoz (farm cooperatives). At the same time, 30 Soviet specialists learned North Korean experience in 16 themes. The two countries signed an agreement for technical cooperation in February 1955, according to which during the Three Year Plan the

\[636\] Vanin, ed., 259
\[637\] Bazhanova, 88, 96
Soviets would provide 139 sets of documents for industrial construction, 172 sets of drawings for machines and equipment, and 60 sets of documents for production processes.638

Between 1948 and 1961, the Soviets submitted 2,195 sets of scientific and technological documentation to North Korea. There were 1,398 documents in the field of industrial construction, 5,195 drawings for machines and equipment, 6,381 technical documents, and 385 industrial models. Soviet assistance was responsible for the development and production of key North Korean products such as the automobile “Sŭngni” (victory), truck model “4-16”, tractor “Ch’ŏllima”, caterpillar tractor, various agricultural machines, metallurgic equipment, and many other products.639 Also, the Soviet Union designed 19 projects: 6 plants and 13 civilian projects. These projects were in addition to projects for the construction and financing of industry. The industrial projects designed by Soviet specialists included plants for synthetic rubber and antibiotics, as well as a coal mine (annual capacity of 600,000 t.), a coal processing facility, a coal enrichment plant, and a bread-making plant (25.5 t. daily output). The civilian projects included rail stations in Kanggye and Sŭnuiju, six schools, three cinemas, and two maternal hospitals in Kanggye and Pyongyang. For its part, the DPRK provided 57 industrial models and 28 sets of documentation during the same period: four sets of drawings of machines and equipment, six sets of technical documents, and 18 documents in the administrative file.640

638 Vanin, ed., 259
639 The plant in Tŏkch’ŏn produced its first automobile “Sŭngni” in 1958, as the Soviet manufacturer in the city of Gorky provided 1,800 technical documents for its model GAS-51A. The plant built truck model “4-16” in 1961, based on the Soviet model GAS-69. The 28 hp tractor “Ch’ŏllima” was produced in 1958 on the basis of model VTZ-28 and by 1961 North Korea produced 3,900 tractors of this type. The first 75 hp caterpillar tractor was produced in the end of 1962 (it was announced that the tractor was produced with own efforts) on the basis of Soviet T-75 model. The machine building plant in Hŭich’ŏn produced pressing machines and lathes based on Soviet documentation in the 1950s – machine type M670, drilling machine type 2A-125, and lathe type 736, among others. The Soviet manufacturers helped North Korea produce various agricultural machines such as grain drying machine (SZI-1, 5), wheat combine harvester (ZHH-40-B), seed drill (SKGP-6), rice combine harvester (ZHRP-4), etc. In the field of metallurgy, the Soviet Union provided documentation for 40-ton converter, installation for continuous metal casting, forming and cutting machines, etc.
Bazhanova, 86-87
640 Ibid., 87
The Soviet Academy of Sciences provided research documentation in the fields of metallurgy and chemistry. It also donated to the DPRK tools and equipment for scientific experiments worth 15 million rubles, radio equipment worth 12 million rubles, and medical equipment valued at 17 million rubles. The Soviet Academy helped the DPRK create four science laboratories in the fields of physics, electronics, machine operation, and experimental biology. The nuclear energy cooperation Soviet technology transfer to the DPRK dates back to an agreement in 1959, including the construction of a nuclear reactor in North Korea. North Korean specialists participated in programs linked to the Soviet Institute of Nuclear Physics in Dubna. Soviet specialists helped establish a nuclear research institute and equipment for a radio-chemical laboratory, a laboratory for nuclear physics, and a cobalt installation in North Korea. In the 1957-1962, the two sides conducted joint geological research into North Korea’s natural resources in the north-east and the southern part of the Maritime region in the Soviet Far East.

The other important element in technical assistance was education. Soviet institutions assisted in 110 education programs and instructions to North Korea for the purpose of educational development. More than 2,000 North Korean students (undergraduate and graduate) studied in the Soviet Union from 1951 to 1962. Among the North Korean graduates at Soviet universities were 1,035 specialists, including 200 scientists with emphasis on technical majors. For example, 79-81 percent of enrolled North Korean students at Soviet universities between 1958 and 1962 studied the following majors: electric energy, metallurgy, chemistry, radio and communications, machine building, and transport, among others. A total of 4,200 North Korean students studied in the socialist countries in the 1954-1956 period.

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641 Vanin, ed., 259-260
642 Bazhanova, 35, 89
643 Ibid., 96
644 Vanin, ed., 260
China dispatched 295 engineers and technicians in 1954 to help the North Korean reconstruction effort. In 1955, 2,964 North Korean workers were trained in China, while in 1956 again around 3,000 workers were sent.645 At the end of 1957, the PRC and the DPRK signed an agreement for science and technology cooperation, including exchange of documentation and specialists. The two sides set up a joint commission for managing the joint projects.646

The GDR was one of the main sources of technologies for North Korea, given the German industrial and technological prowess and traditions in education. We mentioned the 457 East German specialists sent to Humhung. The 600 Korean children brought to the GDR were educated and trained in forty-five professions in sectors such as metallurgy, the chemical industry, machine building, publishing, shipbuilding, and optics. In addition, 377 North Korean high school and university students studied in the GDR by 1958.647 The education of 286 North Korean university students in the GDR cost 18 million rubles and was paid for by the East German government.648 In addition, the know-how transfer was implanted in the form of an exchange of technical data and documents on products and production. In 1955, the GDR and the DPRK signed their first agreement for technological cooperation. According to subsequent annual agreements, East Germany provided North Korea with 104 sets of technical documents, whereas the DPRK provided 14 such documents to the GDR in 1955-1961 period649 – an unequal partnership in that area.

The GDR and the DPRK started formal science and technological cooperation in 1957 through establishing the joint (East) German – (North) Korean committee for science and

645 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Collection of materials on the help of brotherly countries to the DPRK, Pyongyang, January, 1956, 51
646 Bazhanova, 147
647 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of the GDR to the DPRK, Pyongyang, February, 1958, 68
649 Ibid., 13
technology cooperation, which had annual meetings thereafter. In 1958, the two sides agreed on eight projects for scientific cooperation, and they agreed on twelve in 1959. The GDR helped North Korea in the areas of artificial fabric, extraction of coke and brown coal for metallurgy, and electrification of North Korea’s railways. Another project involved education of specialists for the printing industry. East Germany also provided documentation for building electric locomotives (model E-05), silk worm cultivation, and the chemical industry. In 1961, the annual session of the joint committee in Berlin designated 23 programs – 15 for North Korea and 8 for East Germany. Most of the projects on behalf of the DPRK were in the chemical industry.

The Polish government spent 2 million rubles on education of 104 North Korean engineers, technicians and master craftsmen in Poland. The specialists received training for periods between four and a half months to one year. The Polish side conducted geological research in the Anju and Sinjang mines in 1956 and provided the documentation the following year. In addition, Poland donated a field laboratory for soil research in 1955. Poland also prepared plans for constructing two workers’ villages. Polish planning agencies provided technical documents and equipment for 200,000 rubles (zloty). Czech specialists trained 845 North Korean workers and specialists in Czechoslovakia for the three plants it built in North Korea in the 1950s. Bulgaria also educated North Korean students. As of 1960, for instance, 70 North Korean students – 40 in technical high schools and 30 in universities – studied in

650 PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1959, December, 1959, 251
651 PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1961, January, 1962, 103
652 PA MfAA, A7013, Report of the embassy of the GDR in the DPRK, Help of Poland to the DPRK, Pyongyang, 1958, 87, 88
653 PA MfAA, 10281, Report of the embassy of the GDR in the DPRK: Help of Poland to the DPRK, Pyongyang, 1957, 118
654 AFMBG, Opis 16p, delo 31, 575, Report from the Bulgarian embassy in the DPRK, Industry of the DPRK, Pyongyang, 1960, 7
Bulgaria.Overall, 1,700 East European specialists worked in North Korea in the 1950s, while 1,200 North Korean workers and specialists received production training in East European countries in the 1954-1958 period, which marked the peak of socialist cooperation, more precisely fraternal aid.

North Korea’s cooperation with socialist countries was confirmed by participating in international socialist organizations. We mentioned Pyongyang’s participation in the Institute of Nuclear Physics in Dubna after 1956. In the following year, North Korea became a member of the International Organization for Cooperation in Post and Communication. Later it also took part in the Organization for Railway Cooperation. The DPRK attended regularly the sessions of the Commission for Mutual Economic Assistance (COMECON) until 1961. It also participated in COMECON’s committees, although it was not a full member of the economic club of the Soviet Union and East European countries.

To sum up socialist technical assistance, the Soviet Union, Eastern European countries, and China sent 3,675 specialists to North Korea in the 1950s. The USSR and the GDR provided 2,299 recorded sets of technical documentation to the DPRK, while North Korea provided 42 sets of documents to the two countries. There were 7,837 reported North Korean workers and specialists sent mostly for production training in the socialist countries. As mentioned, 4,200 North Korean students studied in the socialist countries in the 1954-1956 period, so the total number in the 1950s exceeded 5,000.

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655 AFMBG, Opis 16, delo 31, 572, Report from the Bulgarian embassy in the DPRK, Meeting with Kim Il Sung, ambassador Georgi Bogdanov, Pyongyang, October 28, 1960, 20
656 Bazhanova, 102
657 Ibid., 103
Socialist family: perception of socialist help

It was natural for the North Koreans to feel gratitude, given the amount of fraternal help during the war and in the postwar years. The Three Year Plan was the “honey moon” period of the socialist system. North Korea felt part of the bigger socialist family through the compassionate aid. The North Korean media (both on central and provincial level) openly discussed the scale of help and its impact on the economic recovery. Rodong Sinmun article (August 9, 1955) was titled “One Billion Rubles,” directly pointing to the Soviet pledged aid in the postwar years and listing the major projects which were being implemented with Soviet assistance. Another article “To Learn from the Soviet Union” reflected the integration line of the DPRK in the reconstruction period. The North Korean media hailed other countries’ contribution to the reconstruction efforts. In March 1955, the media reported the decision of the Council of Ministry of the GDR to grant 545 million rubles for the rebuilding of North Korean economy.

The North Korean media also extensively covered developments in fraternal countries and the activities of their embassies. There was considerable number of reports related Bulgarian national holiday in 1955, for example. On the holiday, 9 September, Radio Pyongyang aired Bulgarian music and programs for 89 minutes in Korean and 33 minutes broadcast in Japanese language. There were about 35 newspaper materials about Bulgaria and Bulgarian humanitarian and economic aid to North Korea (including ones written by Bulgarian authors) in the first two weeks of September.

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658 AFMBG, Opis 7p, papka 30, 600, Press report from the Bulgarian embassy in the DPRK, August –September 1955, secretary Radi Botev, Pyongyang, October, 1955, 1
659 AFMBG, Opis 7p, papka 30, 600, Press report from the Bulgarian embassy in the DPRK, March 1955, secretary Radi Botev, Pyongyang, April 20, 1955, 5
660 Rodong Sinmun published 7 materials, Minju Ch’ŏson (newspaper of the Supreme People’s Assembly) – 7, Chŏguk Ch’ŏnsŏn (newspaper of the Democratic United Front) – 4, Ch’ŏsŏnyŏn Sŏn (magazine of the Democratic Youth) – 2, other newspapers and magazines – 15. Among them were Rodongja Sinmun (newspaper of the Trade
Despite the emerging unease in the Soviet-North Korean relations after the failed de-Stalinization in 1956, North Korean media continued its favorable coverage of the Soviet bloc countries and the DPRK’s relations with them. Marking the Eighth anniversary of the 1949 Soviet-North Korean treaty for economic and cultural cooperation, editorial of Rodong Sinmun (March 15, 1957) pointed to the role which the realization of the agreement played the DPRK’s successes in its economic and cultural development. The paper also acknowledged the role of the Soviet Union in liberating Korea from the Japanese colonizers, its support during the Korean War and for peaceful unification and in the international organizations. The editorial stressed that the Soviet-North Korean relations were based on the proletarian internationalism. North Korea was also positive on international socialist integration. Rodong Sinmun article (April 1957), titled “Development of our People’s Economy and the International Division of Labour among the Socialist States,” argued that it was impossible to make long-term economic plan without sound economic relations with the socialist states. The international cooperation was also necessary for developing new sectors of the domestic economy. Economic ties to the socialist countries were also necessitated in the lieu of the reducing fraternal aid in the Five Year

Unions), provincial newspapers, such as Hamnam Ilbo, Chagan Ilbo, Kangwŏn Ilbo, Hwangnam Ilbo, and others. Besides reports on the care of Korean children in Bulgaria, other humanitarian and economic aid, some papers reported stories evolving the contributions and the sacrifice of the Bulgarian medical team in North Korea. Chŏguk Chŏnsŏn (September 9, 1955) reported that the hospital in Sinŭiju run by the Bulgarian team had 400 beds and 12 well equipped offices; Bulgaria sent 18 rail wagons of medicine and equipment for the hospital from 1954 to September 1955. The hospital treated 500,000 patents and 14,000 were hospitalized (probably referring for the period of the medical team duty starting during the Korean War). The team conducted 3,600 operations. Dr. Drachev saved life of a patient by giving his blood. Professor Dimitar Ploskov conducted 80 complicated operations and treated successfully 80 motionless patients; he also educated young Korean physicians. Minju Chosŏn (September 9, 1955) published an article “The Korean People and the Bulgarian Medical Group.” Dr. Branimir Papazov, chief of the maternity ward in Sinŭiju hospital, was hailed for saving the life of Korean pregnant woman and her child after complex surgery. Dr. Kalev saved patient’s life amidst operation in the Kanggye hospital (with the other Bulgarian team) by giving his blood.

AFMBG, Opis 7p, papka 30, 600, Press report from the Bulgarian embassy in the DPRK, August –September 1955, secretary Radi Botev, Pyongyang, October, 1955, 6-11
661 AFMBG, Opis 13, papka 47, 579, Press report from the Bulgarian embassy in the DPRK, February 15-March 20, 1957, secretary Radi Botev, Pyongyang, April, 1957, 19
Plan and the need to secure currency. Fraternal countries enjoyed wide coverage of holidays and events in the North Korean media. On the occasion the 75th anniversary of Georgi Dimitrov’s birthday Radio Pyongyang aired programs totalling 163 minutes on 17-18 June 1957; there were also ten related articles published in domestic newspapers. In 1958, the East German embassy reported wide coverage of East German help to the DPRK and confirmed the trend of more comprehensive local understanding of issues related to Germany.

The upbeat tone about fraternal countries in North Korean media persisted in 1959, but turned sore in 1960. The coverage on socialist help was limited. The party organ published only a brief information about the forgiven North Korean debt worth 760 million rubles by the USSR and about a new loan amounting to 260 million rubles. The number of articles on Bulgaria dropped almost by half in 1960 compared to 1959. Radio Pyongyang also reduced considerably the broadcast of music from socialist countries under the pretext that the Koreans “did not understand foreign music.” The newly-opened Museum of Revolutionary Movement in Pyongyang in January 1961 marginally represented the Soviet and Chinese contributions to the movement, while the role of the Soviet army in the liberation of North Korea was barely

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662 AFMBG, Opis 13, papka 47, 579, Press report from the Bulgarian embassy in the DPRK, March 15-April 15, 1957, secretary Radi Botev, Pyongyang, May 13, 1957, 27-28

663 Among the papers which published materials on Georgi Dimitrov and Bulgaria June 17-20 were Rodong Sinmun, Minju Choson, Pyonyang Sinmun, Minju Ch’songnyon (newspaper about the youth), Inmigun Sinmun (organ of the KPA), Choguk Choson, and others.

AFMBG, Opis 13, papka 47, 579, Press report from the Bulgarian embassy in the DPRK, May 15-June 20, 1957, secretary Radi Botev, Pyongyang, July 3, 1957, 61-63

664 PA MfAA, A7077, Annual report of the embassy of the GDR in the DPRK, 1958, Pyongyang, November, 1958, 8, 28

665 In 1958, the number of articles on Bulgaria were 91, in 1959 – 98, and in 1960 – 57. Of 98 suggested materials from the Bulgarian embassy in 1960, the North Korean media accepted 29. In 1961, the radio programs related to Bulgaria totaled 60 minutes.

AFMBG, Opis 16, papka 32, 597, Press report from the Bulgarian embassy in the DPRK, 1960, press attaché Todor Marinov, Pyongyang, December, 1960, 47-48

AFMBG, Opis 18, papka 33, 596, Annual report from the Bulgarian embassy in the DPRK, 1961, ambassador Georgi Bogdanov, Pyongyang, January 27, 1962, 8-9
reflected in few paintings. We can consider 1960 as a watershed year in North Korean perceptions and presentation of aid and Soviet camp countries. The socialist aid was also diminishing, but from that point the North Korean media would try to belittle the outside contributions to domestic economy made in the 1950s.

Summary

Economic relations between the DPRK and the socialist world were marked by massive aid for the reconstruction of the postwar economy. The peak of aid came during the Three Year Plan, 1954-1956. Although it subsided in relative terms to the size of the economy, the aid continued to play a crucial role during the Five Year Plan, 1957-1961. The total aid in the 1954-1961 period reached 5.02 billion rubles (1.255 billion dollars). This amount included 491.5 million rubles as loans. When we include the wartime aid for 1.4 billion rubles, the socialist aid to the DPRK from 1950 to 1961 reached 6.42 billion rubles (1.605 billion dollars).

The fraternal aid to North Korea was less than that provided by the United States to South Korea in the immediate postwar years, which totalled 3 billion dollars. The South had double the population of the North, so the per capita foreign aid amount was bigger for the North Koreans than for the South Koreans. The important difference however, was the effect of the aid. Given the lower cost of machinery and other goods in the Soviet Union, China and Eastern Europe, socialist aid for the DPRK was more efficient and had more important consequences for the North Korean economy than did American aid for South Korea.

The Soviet Union provided 1.3 billion rubles in economic aid during the reconstruction period: 1.16 as grants and 140 million rubles as a loan. When we include the military aid worth

666 AFMBG, Opis 18, papka 33, 596, Quarterly report from the Bulgarian embassy in the DPRK, First Quarter 1961, ambassador Georgi Bogdanov, Pyongyang, March 24, 1961, 8-9
500 million rubles, the total amount of Soviet aid to North Korea becomes 1.8 billion rubles (450 million dollars). China was naturally the other pillar of North Korea’s reconstruction with 1.808 billion rubles (453 million dollars) without taking into account the help of the CVA which participated in numerous reconstruction projects in infrastructure, housing, and industry. The rest was distributed by other donor countries in East Europe, as the GDR provided 372 million rubles (93 million dollars), among others. Even poorer countries, such as Albania and Mongolia, contributed with goods supply to the DPRK. The aid was a substantial part of the North Korean economy, as it constituted 34 percent of the national income in 1954, though it declined in the second half of the 1950s, reaching 2.4 percent in 1960.

The aid was not confined to industry. Fraternal countries provided humanitarian aid, as medical teams were sent to the DPRK and hundreds of North Korean orphans were accepted and taken care of in the socialist countries in the postwar period. The socialist countries helped rebuild or build hospitals, managed these hospitals, and trained North Korean medical staff. A large number of Korean War orphans received care and education in the socialist countries. The socialist countries delivered substantial material aid in the form of food and consumer goods.

The thrust of the economic aid was industrial projects which allowed a swift reconstruction of the economy and the laying of a foundation for industrialization through financing, know-how transfer, supply of machines and equipment, and education. The fraternal countries helped reconstruct and build around 90 industrial sites (we have evidence for 64, mostly from the Soviet Union and Eastern Europe but we accepted the assessment that the Chinese participated in as many as 30 projects in the 1950s). The aid accounted for around one-fifth of the rebuilt and newly-built factories in North Korea during the Three Year Plan. Furthermore, the Soviets built six military sites. Infrastructure and civil engineering were
important elements of the fraternal aid program, particularly given the war damage and
destruction of a great number of facilities and buildings. The rebuilding of the city of Hamhung
with GDR’s help was a remarkable undertaking. The CVA actively participated in the
reconstruction of infrastructure and construction of buildings. The Soviet Union participated in
nine infrastructural projects and provided designs for 13 civilian buildings and facilities such as
schools, hospitals, and stations.

Technical assistance was an integral part of industrial aid. Socialist countries sent more
than 5,000 specialists to the DPRK in the 1950s and 7,837 North Korean workers and
technicians received training (mainly production process operation) in the fraternal countries.
Foreign specialists trained North Koreans at the industrial sites in the DPRK too. North Korea
sent 4,200 students to study in the socialist countries and many scientists and engineers took part
in academic exchange programs. The Soviet Union and the GDR provided 2,299 sets of
technical designs for industrial sites, machines, and production. In return, North Korea provided
42 sets of technical designs to the two countries. This one-sided technical cooperation revealed
North Korea’s dependency on fraternal aid for its economic development.

The fraternal aid contributed to the closer integration of North Korean economy in the
international socialist system. But the socialist help also created political tensions due to
increased dependency of North Korea, which threatened Kim Il Sung’s guerilla group’s
monopoly of power. The failed de-Stalinization in North Korea triggered a process of distancing
of North Korea from the Soviet Union and East European countries. The largely asymmetrical
cooperation between North Korea and other socialist countries created a political burden which
the DPRK tried to resolve in the 1960s through its isolationist policy.

North Korea became firmly integrated into the socialist world in the 1950s, a process
which started during the Korean War. The decade was the golden age of the international socialist system, when Communist parties took control in countries stretching from Albania to North Korea, covering a huge part of Euro-Asia. The land mass, resources, and population size were only one important element of the system, but it secured self-containment and relative sufficiency, thus allowing North Korea to function without significant dependence on the west. The isolation of the socialist world, however, triggered more internal economic integration and interaction, as the member states became more dependent on each other for resources and technologies. North Korea was naturally on the receiving end of this socialist equation, but the DPRK had its own strategic value for both the USSR and the PRC. In that sense the relations between North Korea and the socialist world were based on mutual dependency despite the huge influx of aid to the DPRK from the fraternal countries in the 1950s.

The socialist system was as much an ideology as it was a result of strategic and economic necessities and interests. The Sino-Soviet split threatened and severely undermined the integrity of the system. Nonetheless, even during these divisive times of two rival centres of international communism, North Korea continued to be part of the system, not least because it was a valued partner by both the Soviet Union and China. The socialist world was divided in the context of the Sino-Soviet split and represented two subsystems. However, in broader terms there was one socialist system, based on similar ideology, one-party political system, and state-owned economy.
CHAPTER SIX

North Korea’s Foreign Trade and the “Socialist Market”

From aid to trade

The socialist countries engaged in trade with North Korea for both political and commercial reasons. They were willing to engage the DPRK as part of the socialist “family” and made compromises in their trade relations with North Korea. The concept of “socialist internationalism” was a propaganda slogan, but the socialist governments also tried to pursue integrative policies toward the DPRK. That is why they were willing to engage in trade with North Korea on unfavourable terms at times. At the same time, the trade between fraternal countries and the DPRK had all the signs of “normal” trade that is driven by commercial interests. The socialist states engaged in trade because they needed to trade for the development of their economies. And this is was not different from the capitalist world. Political alliances also played a role both in the socialist and capitalist international systems, but it seems that the socialist countries had a more politicized trade structure due to the central role of the state in shaping trade relations. But as a system, they engaged with each other as autonomous entities with own interests which defined the parameters of the international socialist market. Therefore, the foreign trade was an area in which the DPRK could act as an equal partner with socialist countries and counter-balance to some extent the dependency stemming from massive fraternal aid provided to North Korea in the 1950s. It is not by chance that trade relations were also the international realm in which the DPRK showed increasing assertiveness toward the end of the 1950s.

While aid reflects a hierarchical relationship of senior and junior partners, trade is a
form of exchange which is based on more or less reciprocal terms. However, the trade between
the DPRK and the socialist world in the 1950s needs qualification in relation to the concept of
reciprocity. In its initial stage communist bloc trade acted as a kind of aid to North Korea. In
some cases trade existed in the form of barter – not requiring payment in currency, which North
Korea lacked. Socialist countries also provided loans to the DPRK, and the repayment of these
loans was often delayed or even cancelled. It was hard for North Korea to fulfill its obligations
in exporting goods (mostly raw materials and semi-processed products) to its partners, and this
led to trade deficits during this period.

In the 1950s, most of the trade between the DPRK and China was not in money form, so
it was more like aid on a loan basis. A three-year agreement for the supply of materials and
goods was signed in September 1958 for the period 1959-1961. North Korea supplied iron ore,
copper, lead, zinc, steel, carbide, ginseng, fish, etc, while China supplied coal, cotton, cotton
yarn, tire, tin, rolling steel, sulfur, dry food, gyps, etc.667 Most of the other socialist countries
also conducted barter trade with North Korea in the first years after the war.

The USSR, China and the East European countries concluded their first postwar trade
agreements with North Korea in the 1955-1957 period. There were quick results. If North
Korea’s foreign trade was 100 points in 1953, in 1956 it was 195.9 percent in the import and
222.9 percent in export area – an aggregate increase of the trade volume of 209.5 percent.668
However, the North Korean government was not in a rush to pursue active trade relations, for
they required more reciprocity and payment. There were also the limits of resources that could
be offered to North Korea’s trade partners. Even so, in early 1956, the DPRK signed trade

667 Yi Chong-sŏk, 2001, 220
668 PA MfAA, A 7080, Report on Korean trade in 1954, 1955, and 1956; based on article in Novaia Korea for the
North Korean development 1954-1956, Jin Ban-so, April, 1957, 26
agreements with the Soviet Union, the GDR, Czechoslovakia and Bulgaria.\textsuperscript{669}

\textit{The Soviet Union and China}

Soviet-North Korean trade recovered slowly in the postwar years. In fact, the volume in 1954 (182.6 million rubles) was even lower than the 1952 level of 190 million rubles. This bilateral trade picked up in the following three years and reached 485.3 million rubles in 1957, but decreased in 1958 to 416.2 million rubles (see table 5).\textsuperscript{670} North Korea had a surplus of 37.4 million rubles in 1954 and 7.5 million rubles in 1957, but between these years and afterwards it recorded deficits in its trade with the Soviet Union.

The trade agreement between the Soviet Union and North Korea in 1956 also contained provisions for aid. Half of the aid was for advising North Korea in different sectors of the economy and financing North Korean students in the Soviet Union. In the trade category, the Soviet Union supplied 5,000 tons of cotton.\textsuperscript{671} The Soviet Union sometimes purchased goods from North Korea at prices above market prices, something which generated additional revenue for the DPRK. At a meeting between Soviet ambassador Rusanov and Kim Il Sung in May 1957, the North Korean side requested the USSR to purchase of fissile material (probably uranium). Although the Soviet Union had enough of this material it would buy it from DPRK on prices higher than world market prices, which would cost 20 million more rubles for the Soviet Union.\textsuperscript{672} This established a pattern of help other than the direct aid forms in the 1950s:

\textsuperscript{669} North Korea’s Ministry of Foreign Trade was reluctant to sign trade agreement with Bulgaria citing the limited possibilities for trade. Instead the North Korean side offered exchange of letters, but eventually agreed to sign the first bilateral trade treaty on March 23 1956.
AFMBG, Opis 8, papka 60, 594, Monthly report from the Bulgarian embassy in the DPRK, ambassador Radenko Grigorov, Pyongyang, March 30, 1956, 62, 63
\textsuperscript{670} MTVSSSR, 1967, 66-67
\textsuperscript{671} PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1957, Pyongyang, November 30, 1957, 88
\textsuperscript{672} PA MfAA, A10244, Report from the embassy of the GDR in the DPRK, Meeting between Soviet ambassador
purchasing expensive Korean products and selling cheaply to the DPRK, particularly energy products such as oil.

In 1959, the bilateral trade increased considerably, but the expense of North Korea’s deficit which was offset by Soviet aid. North Korea managed to turn its bilateral trade into positive balance in the early 1960s. In 1960, Soviet exports to North Korea were reduced, while its imports jumped. The trade in 1961 was more balanced and recorded another big increase.

Table 5: Soviet-North Korean trade, 1954-1961 (million rubles)

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</thead>
<tbody>
<tr>
<td>USSR exports</td>
<td>72.6</td>
<td>174.5</td>
<td>213.0</td>
<td>237.6</td>
<td>229.7</td>
<td>323.8</td>
<td>295.7</td>
<td>305.0</td>
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<tr>
<td>DPRK exports</td>
<td>110.0</td>
<td>161.5</td>
<td>202.8</td>
<td>247.7</td>
<td>186.5</td>
<td>204.0</td>
<td>156.2</td>
<td>317.7</td>
</tr>
<tr>
<td>Total</td>
<td>182.6</td>
<td>336.0</td>
<td>415.8</td>
<td>485.3</td>
<td>416.2</td>
<td>527.8</td>
<td>451.9</td>
<td>622.7</td>
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Source: MTVSSSR

This volatility in trade reflected the shaky relations between the DPRK and the USSR in the early 1960s, but the trade volume remained considerable. Moreover, 1961 marked a record in bilateral trade as the volume surpassed for the first time the level of 1949. Chuch’e in domestic politics and foreign relations did not translate into reductions in Soviet-North Korean trade, which leads us to conclude that self-reliance meant changes in North Korea’s priorities vis-à-vis the Soviet bloc, rather than isolationism. The trade volume dropped by 14.4 percent in 1960 due to sharp reduction of imports from the Soviet Union (by more than half). This reflected a

Russanov and East German ambassador Fischer, Pyongyang, May 25, 1957, 181

The agreed deliveries from the USSR to the DPRK in 1959 were as follows: oil products, steel, transport vehicles, textile, and others for around 325 million old rubles. North Korea exported 50,000 t. of apples (590 rubles per ton), 13,000 t. cucumbers (mainly canned), 10,000 t. of zinc (976 rubles per ton), 2,000 t. of steel (9,612 rubles per ton), 10,000 t. of tobacco (2,700 rubles per ton), 3,000 t. of graphite (528 rubles per ton). North Korea’s export amount was 295 million rubles. The trade deficit of 30 million rubles was offset by Soviet aid.

AFMBG, Opis 35, papka 15, 552, Quarterly trade report for the second quarter of 1959 by trade attaché Yankol Tsvetanov, Pyongyang, July 15, 1959, 4

MTVSSR, 1967, 67

Also, PA MfAA, A10244, Note from the embassy of the GDR in the DPRK; meeting of East German trade attaché Strauss with the economic advisor at the Soviet embassy Pimenov, July 8, 1964, Pyongyang, July 15, 1965, 13
reduction of capital investment in North Korea in 1960.

The Soviet supply of machines and equipment to North Korea steadily rose in the postwar years from 42 million rubles in 1954 to 147 million rubles in 1959 – a 3.5 times increase compared to 2.9 times increase of trade in this period. But the amount of these deliveries sharply dropped in 1960 and 1961 and only slowly increased afterwards.\(^{675}\) The share of machines and equipment constituted 58 percent of Soviet export in 1954, ranged between 35 and 37 percent from 1955 to 1958, increased to 45.4 percent in 1959 and sharply dropped to 25.4 percent in 1960 and only 11.7 percent in 1961.\(^{676}\) Oil products and synthetic liquid for heating were another important group of export items which increased constantly from 42,500 tons (worth 9.8 million rubles) in 1954 to 344,500 tons (55.3 million rubles) in 1961. The share of these products constituted 13.5 percent of Soviet exports in 1954 and 18.1 percent in 1961, despite the constant increase in delivery quantities.\(^{677}\) Besides the increase in the overall export volume, another explanation for the small share increase (on a monetary basis) of exports of oil products was the reduction of prices from an average 225.5 rubles per ton in 1954 to 159 rubles in 1959; the price increased to 172 rubles in 1960 and again decreased to 160 rubles in 1961.\(^{678}\) This trend implies the subsidizing of these key exports to North Korea in this period. The Soviets sold

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\(^{675}\) MTVSSSR, 1967, 119

\(^{676}\) The amount of machines and equipment in Soviet export and their share in percentage was as follows: 1954 – 42 million rubles (58 percent of export); 1955 – 65.2 million (37 percent); 1956 – 76 million (35.7 percent); 1957 – 83.2 million (35 percent); 1958 – 85.2 million (37.2 percent); 1959 – 147 million (45.4 percent); 39.6 million (25.4 percent); 1961 – 35.7 million (11.7 percent).

The calculations are made on the basis of data from MTVSSSR (1967) Ibid., 66-67, 119

\(^{677}\) The amount of oil products and their share in the Soviet export were as follows: 1954 – 42,300 t. (9.8 million rubles/13.5 percent of the export); 1955 – 130,000 t. (30 million/17.2 percent); 1956 – 163,200 tons (36.8 million/17.3 percent); 1957 – 179,700 tons (39 million/16.5 percent); 1958 – 226,300 tons (36.6 million/16 percent); 1959 – 244,100 tons (38.8 million/12 percent); 1960 – 217,900 tons (37.5 million/24 percent); 1961 – 344,500 tons (55.3 million/18.1 percent).

Ibid., 210-213

their oil to the DPRK almost at half the world price levels in 1959.\(^{679}\)

Ores and metal concentrates (semi-processed metals) were the most important group of North Korean export items to the Soviet Union. They made up 73.4 percent (80.8 million rubles) of North Korea’s export amount in 1954, but decreased to only 6.7 percent (21 million rubles) in 1961. The peak of supply in absolute terms was in 1957 (130.7 million rubles), which was 52.8 percent of North Korean exports.\(^{680}\) At the same time, the North Korean supply of black metal sheet iron to the USSR increased from just 0.4 percent (484,000 rubles) to 30.9 percent (96.8 million rubles) in the same period.\(^{681}\) This trend shows growing sophistication in North Korea’s export portfolio. Also, the wide range of prices of sheet iron (from 9,142 rubles per ton in 1955 to 1,457 rubles in 1957) indicates that exporting was a way of North Korea to pay its debts to the Soviet Union.\(^{682}\)

The DPRK was a major supplier of cast iron, zinc, and lead to the Soviet Union. Cast iron from North Korea occupied a major portion of the Soviet imports after 1956. That year the

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\(^{679}\) The crude oil price in 1954 was 19 dollars per barrel or approximately 120 dollars per ton. The price of Soviet export oil to the DPRK was 89 dollars per ton. In 1959, the world price level was around 113 dollars per ton, while the Soviets delivered oil to North Korea for 63 dollars per ton. See chart “Crude Oil Prices 1947-August 2007” in “Oil Price History and Analysis,” WTRG Economics, http://www.wtrg.com/prices.htm

\(^{680}\) The breakdown of North Korean supply of ores and metal concentrates to the Soviet Union was as follows: 1954 – 80.8 million rubles (73.4 percent of the North Korean export amount); 1955 – 97.9 million rubles (60.6 percent); 1956 – 128 million rubles (63.2 percent); 1957 – 130.7 million rubles (52.8 percent); 1958 – 45.7 million rubles (24.5 percent); 1959 – 39 million rubles (19.1 percent); 1960 – 34.4 million rubles (11.6 percent); 1961 – 21 million rubles (6.7 percent).

\(^{681}\) Calculations are based on data from MTVSSSR.

\(^{682}\) Ibid.

\(^{682}\) The wide range can also mean varying structure of products within this group from year to year, but the fluctuations are too great to depend only on the variety of goods. The average price per ton of black metals sheet iron, based on the data given above was as follows: 1954 – 4,840 rubles per ton, 1955 – 9,142, 1956 – 8,000, 1957 – 1,457, 1958 – 9,500, 1959 – 2,440, 1960 – 2,556, 1961 – 2,742.
North Korean supply of cast iron was 6 percent of Soviet imports and grew to 20 percent in 1961 (China was the other major supplier).  

North Korea restored its exports of zinc to the Soviet Union in 1957, and these quickly grew to 33.5 percent of Soviet overall imports of zinc in 1961 (Poland was the other key supplier).  

Lead was an even more important export commodity which grew from a 21.2 percent share in Soviet imports in 1954 to 61.3 percent in 1961 (Bulgaria and Yugoslavia were the other major suppliers).

The Soviet Union dominated the DPRK’s trade. In 1961, the structure of the imports to North Korea looked the following way: 56 percent was delivered by the USSR; 34 percent by China; 2.2 percent was imported from Czechoslovakia; 1.9 percent from the GDR; 1.6 percent from Vietnam; 1.6 percent from Poland; 0.8 percent from Hungary; 0.8 percent from Bulgaria; 0.5 percent from Romania; 0.5 percent from Mongolia; and 0.1 percent from Albania.

Sino-North Korean trade was extremely volatile and imbalanced in the 1950s, reflecting internal economic problems in China and North Korea’s limited export capabilities in this period. One important reason for the imbalance was the Chinese aid deliveries of the postwar years. The trade volume continually declined from 1954 to 1957 and again in 1961, but North Korean exports increased over these years: it increased six-fold from 10.6 million rubles in 1954 to

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683 North Korea exported 30,000 tons of cast iron to the Soviet Union in 1956, which was 6 percent of Soviet imports (497,600 tons); 1957 – 49,000 tons/32.2 percent of Soviet import (152,400 tons); 1958 – 20,600 tons/ 13 percent of the Soviet import (159,600 tons); 1959 – 40,700 tons/ 29.3 percent of the Soviet import (138,100 tons); 1960 – 42,100 tons/ 22.2 percent of the Soviet import (208,300 tons); 1961 – 27,200 tons/20 percent of Soviet import (134,200 tons). MRVSSSR, 1967, 149

684 North Korea exported 200 tons of zinc to the Soviet Union in 1957, which was 0.6 percent of Soviet imports (32,500 tons); 1958 – 6,000 tons/19.1 percent of Soviet import (31,400 tons); 1959 – 9,100 tons/21.8 percent of the Soviet import (41,600 tons); 1960 – 20,600 tons/ 33.8 percent of the Soviet import (60,900 tons); 1961 – 23,600 tons/ 33.5 percent of the Soviet import (70,400 tons). Ibid., 151

685 North Korean export to the USSR in 1954 was 6,200 tons/ 21.2 percent of Soviet import (29,200 tons); 1955 – 15,900 tons/90.3 percent of Soviet import (17,600 tons); 1956 – 16,700 tons/ 62.5 percent of Soviet import (26,700 tons); 1957 – 15,500 tons/56 percent of Soviet import (27,700 tons); 1958 – 17,800 tons/59 percent (30,200 tons); 1959 – 15,500 tons/41.6 percent of Soviet import (37,300 tons); 1960 – 16,800 tons/42.3 percent of Soviet import (39,700 tons); 1961 – 24,200 tons/61.3 percent of Soviet import (39,500 tons). Ibid.

686 PA MfAA , A7078, Annual report from the embassy of the GDR in the DPRK, 1961, January, 1962, 99
180.5 million rubles in 1961 (see table 6). By contrast, China’s exports to North Korea decreased in most of the years between 1954 and 1960 except 1958 and 1959. They reached the level of 1954 only in 1962. Also, North Korea’s trade deficit with China was huge in the first postwar years, but the gap narrowed after 1957, even though the imbalance persisted afterwards.  

Table 6: Sino-North Korean trade, 1954-1961 (million rubles)

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<tr>
<td>PRC exports*</td>
<td>261.0</td>
<td>239.6</td>
<td>n/a</td>
<td>120.5</td>
<td>n/a</td>
<td>234.0</td>
<td>222.4</td>
<td>210.5</td>
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<tr>
<td>DPRK exports</td>
<td>10.6</td>
<td>11.2</td>
<td>n/a</td>
<td>64.4</td>
<td>n/a</td>
<td>228.8</td>
<td>174.6</td>
<td>180.5</td>
</tr>
<tr>
<td>Total</td>
<td>271.6</td>
<td>250.8</td>
<td>n/a</td>
<td>184.9</td>
<td>n/a</td>
<td>462.8</td>
<td>397.0</td>
<td>391.0</td>
</tr>
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</table>

Source: PA MfAA, Soviet data

*The figures of Chinese exports included aid supplies

North Korea and China signed a trade agreement in January 1957. The North Korean delegation headed by Kim Il visited Beijing for nearly one-month and held discussions throughout with its Chinese counterparts. It is interesting to note that for most of items China agreed to supply to North Korea, China experienced deficits, meaning that it had to import materials and goods from other countries in order to deliver them to the DPRK. This mechanism implies a certain degree of subsidizing by re-exporting the goods to North Korea at prices lower than the prices which China paid. China supplied North Korea with important energy sources, food and materials. The list of goods for 1957 in larger quantities included (the items with smaller quantities were decided later): 900,000 tons of coal, 30,000 tons of soy bean, 5,500 tons of sulphur, 3,100 tons of rubber, 8,000 tons of cotton (raw), 500 tons of cotton yarn, and 5 million meters of cotton fabric. In 1959, China exported to North Korea the following items:

687 Bazhanova, 136
688 PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1957, Pyongyang, November 30, 1957, 89, 106
689 Of the 900,000 t. coal 700,000 t. was coke coal, 170,000 t. normal coal, and 30,000 t. coke. For the soy bean it is interesting to note that the North Korean delegation did not request grain (and any other food, as a matter of fact), for the harvest in North Korea was deemed sufficient to feed the population. In terms of the raw cotton, the North
350,000 tons of coke, metals, cotton, rubber, tires, and goods for mass consumption. The DPRK exported to China 400,000 tons of various ores, 4,700 tons of steel, 10,000 tons of zinc, 10,000 tons of coke steel, 60,000 tons of ammonia fertilizer, dried and canned fish (for 40 million rubles), graphite, magnesia, silver, and others.\textsuperscript{690}

China supplied North Korea with important energy sources, food and raw materials. One of the reasons for the declining Chinese deliveries in the 1950s was the significance of these materials and goods for the Chinese economy. In the first postwar years China made special efforts to supply these goods because they were vital for North Korea. As the North Korean economy recovered and improved its production capacity, China reduced the export volume to the DPRK in order to meet its own needs.

\textit{Eastern Europe}

East European countries did not have a large volume of trade with the DPRK compared to the Soviet Union and China, but combined they had an impact on North Korea’s foreign trade and domestic economy. Trade relations started slowly in the postwar years but quickly gained momentum in the second half of the 1950s. In the first postwar years East German exports were mainly aid supplies. We estimated around 132 million rubles of aid supplies in the 1953-1958 period (based on supply agreements), excluding the aid deliveries for the reconstruction of Hamhŭng.\textsuperscript{691}

\bibitem{AFMBG:Opis:35:papka15:opis35} Korean delegation requested 12,000 t.; China could supply 8,000 t., of which 5,000 t. it had to import from the Soviet Union.
\bibitem{Ibid.:90} Ibid., 90
The GDR signed its first trade agreement with the DPRK in March 1955 for 15 million rubles. East Germany exported goods worth 10 million rubles and the Korean side delivered goods for a mere 0.8 million rubles (see table 7).\footnote{PA MfAA, A7007, Annual report from the embassy of the GDR in the DPRK for 1955, Pyongyang, 1956, 66, 67} Obviously, North Korea did not have much to offer at that time, so it had a negative trade balance with East Germany.\footnote{The plan for 1956 was much larger because it included unrealized supplies from 1955. The North Korean deliveries in 1956 included mainly raw materials, such as magnesium, graffiti, steel, talc, and coal. Despite the positive balance in favour of the DPRK in the agreement, North Korea could not supply the agreed quantities of goods to East Germany, particularly zinc concentrate. The GDR exported textile equipment worth 3 million rubles, chemicals worth 2.7 million rubles, and optical and other instruments worth 1.3 million rubles, among others. In 1957, North Korea exported to the GDR: 1,690 t. electrolyte zinc, 1,400 t. electrolyte ladder, 3,000 t. silver, 800 t. gold, 150 t. copper, 615 t. silicon, 240 t. graphite, 40 million cigarettes, 120,000 sq.m. silk, 263 t. peanuts, 35 t. honey, 20 t. fish flour, 14 t. agar. The undelivered quantities were 40 t. monazite, 500 t. fish cans, 40 million cigarettes, 35 t. honey, 30 t. hop, and 300 t. tobacco. PA MfAA, A10244, Report from the embassy of the GDR in the DPRK, Pyongyang November 5, 1955, 216, 219 PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1957, Pyongyang, November 30, 1957, 96} Some 10 million rubles of the GDR surplus, amounting to 14.4 million rubles in 1956, was allocated to the Hamhŭng rebuilding project.\footnote{PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, Pyongyang, February 2, 1957, 70}

Gradually, the DPRK expanded its export capacity and ability to meet its trade commitments.\footnote{In 1957, North Korea exported gold, silver, lead, zinc and other metals worth 8.7 million rubles; agricultural products were worth 1.6 million rubles. Ibib., 69-70} North Korea had a negative trade balance with the GDR of over 6 million rubles by the end of 1957, but intended to turn this into a positive balance in 1958 (like it had done with Romania in 1957 and with Poland in 1958).\footnote{PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, Pyongyang, March 17, 1959, 53, 54} A North Korean Ministry of Trade official remarked to East German diplomats that the GDR was the only country with which North Korea had a negative trade balance for 1958, while with the USSR and China North Korea had small trade surpluses.\footnote{PA MfAA, A7007, Note on conversation of East German diplomat Siegel with Ministry of Trade official Kim Re-hyong, Pyongyang, October 28, 1958, 60} Such an ambition reveals the emergence of elements of mercantilist policy, as alien as it might sound for a command socialist economy. That was
displayed by the pursuit of positive balances with trading partners. North Korea managed positive trade balance in its trade with Eastern Germany only in 1957 in the period until 1961. In 1958, 70 percent of North Korean exports to the GDR consisted of colour and precious metals (80 percent in 1957); they represented 20 percent of the total North Korean export. The East German representatives in North Korea even questioned the economic meaning of the bilateral trade, given the relatively small value of the trade and the high transportation costs.

Table 7: East German-North Korean trade, 1953-1961 (million rubles)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDR exports*</th>
<th>DPRK exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan**</td>
<td>Actual</td>
<td>Plan</td>
</tr>
<tr>
<td>1953</td>
<td>0</td>
<td>28.2</td>
<td>0</td>
</tr>
<tr>
<td>1954</td>
<td>0</td>
<td>46.2</td>
<td>0</td>
</tr>
<tr>
<td>1955</td>
<td>n/a</td>
<td>30.4(10.0)</td>
<td>n/a</td>
</tr>
<tr>
<td>1956</td>
<td>20.9</td>
<td>33.0(21.0)</td>
<td>29.5</td>
</tr>
<tr>
<td>1957</td>
<td>11.7</td>
<td>26.8(9.5)</td>
<td>15.0</td>
</tr>
<tr>
<td>1958</td>
<td>11.5</td>
<td>22.0(12.1)</td>
<td>12.9</td>
</tr>
<tr>
<td>1959</td>
<td>33.0</td>
<td>32.9</td>
<td>37.1</td>
</tr>
<tr>
<td>1960</td>
<td>12.4</td>
<td>18.9</td>
<td>17.0</td>
</tr>
<tr>
<td>1961</td>
<td>9.4</td>
<td>16.3</td>
<td>10.4</td>
</tr>
</tbody>
</table>

*The figures of East German export include aid supplies from 1953 to 1958 without the deliveries for reconstruction of Hamhŭng. In parenthesis (1955-1958) are the realized amounts of East German exports within trade agreements.

** The plans are based only on trade agreements after 1955 and excluded aid supplies.

As a result of North Korean requests and bilateral negotiations, the East German side planned an increase in its exports to the DPRK, which was reflected in the GDR’s export

698 East Germany exported to North Korea machines, fine optics, and chemical products. Another priority in these goods was equipment for the DPRK textile industry.
PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1958, November, 1958, 11
699 PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1958, November, 1958, 12
The North Korean-East German trade relationship marked a breakthrough in 1959, when the total trade volume jumped to 57 million rubles (two and a half times increase compared to 1958). Despite low fulfillment ratio of 65 percent North Korea managed to export more that the total bilateral volume in 1958. Eastern Germany continued to export mostly machines, while the bulk of the North Korean export to the GDR consisted of agricultural products.

The DPRK dubbed 1960 as a “buffer year” in which production would overfulfill the Five Year Plan. No new major enterprises were planned for that year, which would translate into smaller demand for imported machines and equipment from countries like the GDR, Czechoslovakia, and Poland (in fact, machines and equipment constituted as much as 50 percent of the import volume). Consequently, GDR-DPRK bilateral trade in 1960 decreased on account of reduction of East German exports. By contrast, the DPRK increased its export volume and almost balanced the trade. The downturn was expected, as the reduced volume was negotiated, but both sides overfulfilled their plans in 1960. North Korea probably added carry-over deliveries from the previous year and East Germany also increased its planned quantities to match the North Korean additional supplies. Besides the reduced demand in North Korea for new machines and equipment in 1960, the East German diplomats in Pyongyang

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700 Ibid. 13
701 PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1959, December, 1959, 247, 248
702 PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1960, January, 1961, 179
703 The East German export list (plan) to North Korea was as follows: 110 machines for instruments, 40 heavy duty vehicles, 1 vehicle refrigeration, 32 excavators, 5 blast furnaces, 1 vehicle refrigeration, printing equipment, lab equipment, appliances, film and photo materials, and musical instruments. Among the North Korean export items were the following quantities: 10,000 t. rice, 500 t. peanuts, 4,000 t. resin seeds, 500 t. sunflower seeds, 40 t. hop, 100 t. sesame, and 800-1,000 t. zinc.
704 Also, in the protocol for trade in 1960 between the GDR and the DPRK gold and fish flour were dropped from the export list of North Korea.
705 PA MfAA, C1089/70, Report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK, Wegricht, head of Korea desk, Berlin, April 9, 1964, 106
pointed also to North Korea’s “price policy,” referring to high prices the DPRK demanded for their export products. Further reduction in trade was expected for 1961. The decline in trade also reflected the politics of a more assertive foreign policy of the DPRK (siding with China in the Sino-Soviet dispute) accompanied by cooler attitudes toward the Soviet Union and East European countries, a policy which would have major consequences for relations in the 1960s.

In 1961, the trade sharply dropped by more than half, although the fulfillment of the trade agreement on the East German side was 130 percent. Also, the positive North Korean response to the East German request for supplies of gold and additional quantities of silver and colour metals was cited by the East German embassy officials as a positive sign in the political relationship. Despite the positive spin, the relationship was heading toward a rocky period. The declining trade reflected a deterioration in political relations because many trade issues needed political will and intervention to be resolved positively.

The trade between East Germany and North Korea was not necessarily a success story. It did not match the intensive trade relationships between the GDR and other socialist countries. While the GDR was a major donor country to the DPRK in the 1950s, it appeared to have less than a stellar trade relationship with North Korea (supplies from Vietnam and East

706 Ibid., 175
707 PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1961, Pyongyang, January 1962, 99, 100
708 The quantities in the original North Korea’s plan were as follows: 2 t. silver, 200 t. zinc oxide, 50 t. ladder, 150 t. honey, 305 t. tobacco, 8 t. cigarettes, and 15 t. feathers. The additional deliveries were 2 t. silver, 400 kg. of gold and some color metals. Ibid., 95, 100
709 By comparison, the trade volume between the GDR and China, reached 785 million rubles in 1956, 770 million rubles in 1957 and 1 billion rubles in 1958! East German export to China included fine mechanical and optical products, electric appliances, publishing machines, etc., while the import contained tobacco, pork, food oil, rubber, sulfate, etc. The technical assistance in 1957 was exchange of specialists and trainees along the same pattern as with DPRK: 14 East German specialists were sent to China and 119 Chinese trainees received education in the GDR. PA MfAA, A6661, Annual report of the GDR embassy of the GDR in China, 1957, Beijing, February 4, 1958, 252, 254
Germany occupied similar shares in North Korea’s overall imports). With the variations of volume of products, the trade relationship between the GDR and the DPRK mirrored the trade relationships between other socialist countries and North Korea, as the latter relied more on fraternal aid than on international trade in the 1950s. The size of trade indicated the character of the relations: the smaller the trade volume, the more dependent the relations and more reliance of North Korea on aid. Still, the beginning of trade and the increase of trade volume between the DPRK and the socialist countries marked the beginning of the maturation and emancipation of the North Korean economy. After the difficult reconstruction period the DPRK embarked on an ambitious development program with the help of socialist countries, but at the same time, increased its capacity to trade its products. With the Five Year Plan, North Korea ushered in an era of close economic integration in the socialist world system.

The case of trade between Bulgaria and North Korea was typical and could show common problems in North Korea’s trade relations with the socialist world. Bulgaria did not offer as many machines and other industrial goods as Czechoslovakia or the GDR, since it was a less industrialized country. In this sense one can imagine a more reciprocal trade relationship between Bulgaria and the DPRK. However, the trade between the two countries followed the general pattern of North Korean export of raw materials, metals and agricultural products. In turn, Bulgaria supplied textile products, medicine, equipment, etc. We will outline some problems in the trade relationship which mirrored common problems in the trade between the DPRK and other socialist countries.

The bilateral trade between Bulgaria and North Korea was virtually non-existent before 1956. Like other socialist countries, Bulgaria supplied goods as part of aid program during the

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710 According to an earlier East German report, the import from Vietnam (2 percent) in the DPRK in 1961 even surpassed the one from the GDR (1.8 percent).
PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, Pyongyang, September 6, 1961, 104
Three Year Plan. The North Korean officials were reluctant to start bilateral trade with Bulgaria in 1956 because they did not have items to offer, as they acknowledged. Nonetheless, some small deliveries began in the second half of 1956.\textsuperscript{711} In 1957, the Bulgarian-North Korean trade amounted to 7.7 million rubles; the DPRK fell behind in fulfilling the plan and generated trade deficit. North Korea made efforts to fulfill its obligations by pledging to supply wires (from 1957 agreement) for 1.3 million rubles in the first quarter of 1958. According to the Bulgarian ambassador, the reasons for the discrepancy in the North Korean deliveries were the late contracting of the silk (in July), and the high price of zinc concentrate for which both sides failed to agree. The North Korean side offered calcium carbide and steel instead, but since Bulgaria could not sell them to China and Vietnam (on terms of re-export), it did not accept the offer.\textsuperscript{712}

\begin{table}[h]
\centering
\begin{tabular}{|c|cc|cc|cc|}
\hline
\textbf{Year} & \multicolumn{2}{|c|}{\textbf{Bulgaria exports}} & \multicolumn{2}{|c|}{\textbf{DPRK exports}} & \multicolumn{2}{|c|}{\textbf{Total}} \\
 & \textbf{Plan} & \textbf{Actual} & \textbf{Plan} & \textbf{Actual} & \textbf{Plan} & \textbf{Actual} \\
\hline
1957 & 5.6 & 5.7 & 5.7 & 2.0 & 11.3 & 7.7 \\
1958 & 1.2 & 1.6 & 5.0 & 2.9 & 6.2 & 4.5 \\
1959 & 5.4 & 4.5 & 5.5 & 4.7 & 10.9 & 9.2 \\
1960 & 6.0 & 3.0 & 7.9 & 5.5 & 13.9 & 8.5 \\
1961 & 3.8 & 3.1 & 2.0 & 3.1 & 5.8 & 6.2 \\
\hline
\end{tabular}
\caption{Bulgarian-North Korean trade, 1957-1961 (million rubles)}
\end{table}

To compensate for this imbalance (there was a small deficit from 1956 as well), the agreed deliveries in 1958 were in favour of North Korea, although the reduced Bulgarian exports

\textsuperscript{711} The North Korean officials agreed to start trade after Bulgarian trade representative based in Beijing visited the DPRK to in August 1956 to negotiate the first deliveries.

AFMBG, Opis 8p, papka 60, 599, Annual report by the Bulgarian embassy in the DPRK for 1956, ambassador Radenko Grigorov, Pyongyang, January, 1957, 2

\textsuperscript{712} The North Korean side pledged to supply wires (from 1957 agreement) for 1.3 million rubles in the first quarter of 1958. Other difficulties in the trade were the high transportation cost, poor quality of the North Korean products, and problems in the organization of the North Korean foreign trade agencies.

AFMBG, Opis 13, papka 47, 577, Annual report by the Bulgarian embassy in the DPRK for 1957, ambassador Tsolo Krustev, Pyongyang, January 14, 1958, 2
led to overall decline in bilateral trade volume. As a result, North Korea managed to achieve minimal trade surplus in 1958, but experienced difficulties in the delivery of copper and silk to Bulgaria due to production problems. Furthermore, because of the unsatisfactory quality and differences in pricing, the two sides failed to agree on North Korea’s delivery of steel, calcium carbide, and silicon.

One of the difficulties from the Bulgarian side in contracting imports from the DPRK was that North Korean products were not necessary for the Bulgarian economy at the moment, except silk. The orders for imports were initiated from the foreign trade agencies which were supposed to supply needed goods for the economy. In this case Bulgaria had to re-export the products imported from the DPRK. For example, China agreed in principle to receive North Korean tobacco, zinc, copper, and coke steel from Bulgaria. But this created another problem, because as a rule China and the USSR purchased similar goods from the DPRK at higher prices than other socialist countries as a way to help the DPRK. This in turn naturally impeded the re-export of North Korean goods to China and the USSR through other countries.

In addition to the technical difficulties in the implementation of the agreements, another explanation for North Korea’s somewhat ambivalent attitude toward trade relations was the...
character of aid from the socialist countries. Although declining in the late 1950s, the aid remained a crucial part of North Korea’s economy. As the Bulgarian trade representative in Pyongyang noted, the DPRK received the bulk of the foreign goods in the form of aid from the socialist countries.\footnote{AFMBG, papka 35, opis 14, 529, Quarterly trade report from the Bulgarian embassy in the DPRK, the first quarter of 1958, trade attaché Yankol Tsvetanov, Pyongyang, April, 1958, 2} The fraternal aid in the form of goods supply undermined North Korea’s motivation to trade with its donor countries. Indeed, according to the aid agreement of June 1956 between Bulgaria and the DPRK, the former was obligated to provide goods for 7.5 million rubles as aid in 1958, while the deliveries on trade terms were worth 1.2 million rubles.\footnote{The two sides agreed on aid supplies for 2.5 million rubles until April 1958. Bulgaria insisted that the rest of the aid amount (5 million rubles) was supplied in machines, while North Korea wanted wool and other import goods. Ibid.} Furthermore, most of the North Korean products did not meet “international requirements,” as the Bulgarian trade representative put it, and the North Koreans demanded higher prices due to “expensive low productivity, poor mechanization, and bad conditions of the workshops.”\footnote{We shall remind that the aid deliveries in 1956 were for 14.9 million rubles – cotton, garment, wool, soup, etc, while in 1957 for 7.6 million rubles – cotton, wool, clothes, etc. PA MfAA, 10281, Report from the embassy of the GDR top the DPRK: Help from Bulgaria to the DPRK, Pyongyang, 1957, 76, 77}

The bilateral trade in 1959 almost doubled compared to 1958.\footnote{AFMBG, Papka 35, opis 14, 529, Quarterly trade report from the Bulgarian embassy in the DPRK, the first quarter of 1958, trade attaché Yankol Tsvetanov, Pyongyang, April, 1958, 2} In addition to the trade protocol, both sides arranged North Korea’s export of graphite and medicine to Bulgaria. At the same time, Bulgaria re-exported North Korean steel and silicon to China and ammonia fertilizer to Vietnam.\footnote{The Bulgarian trade agency declined to accept magnesia due to its poor quality (too much sand) and large grains. The North Korean agency “Kwangmul” wanted higher price for the talc – 20 more rubles per ton. They also did not want the talc re-exported from Bulgaria, but eventually agreed on prices and to allow Bulgaria re-export to other countries except Japan. Furthermore, the North Korean trade agency “Sikne” failed to agree on delivery terms due to high asking price. The North Korean side also explained that they had difficulties meeting its obligation to supply goods from the category “others” for 500,000 rubles due to shortage of goods. AFMBG, Papka 15, opis 35, 552, Quarterly trade report for the second quarter of 1959 by trade attaché Yankol Tsvetanov, Pyongyang, July 15, 1959, 1}

North Korea exported 350 t. graphite, 20 t. aspirin and 20 t. chemical through their trade agency “Hwahak.” Bulgaria re-exported 20 t. steel and 50 t. silicon to China and 1,000 t. fertilizers to Vietnam.
In 1960, both Bulgaria and the DPRK failed to fulfill the total volume of the trade agreement, reaching only 70 percent fulfillment. The DPRK failed to deliver magnesia, while it supplied more cast iron. The transactions between the two sides also faced problems. Bulgaria failed to export planed machines and equipment due to North Korean reluctance to accept them. The DPRK turned down offers from pertinent Bulgarian industrial organizations.

Ibid. 722 The plan for 1960 stipulated the following North Korean supplies to Bulgaria: 10,000 t. magnesia (not delivered); 1,500 t. crystal graphite (not delivered); 5,000 t. cast iron (9,000 t. delivered); 60 t. steel (60 t. delivered); 50 t. silicon (50 t. delivered); 1 t. electrolyte silver (not delivered); 1,000 t. electrolyte zinc (1,007 t. delivered); 30 t. electrolyte copper (30 t. delivered); 20,000 t. cement (20,000 t. delivered); 10 t. aspirin (not delivered); 1 t. other medicine (1 t. delivered); 300 t. fish cans (222 t. delivered).

AFMBG, opis 17, delo 38, 634, Annual trade report from the Bulgarian embassy in the DPRK, 1960, trade attaché Simeon Christov, Pyongyang, December 29, 1960, 4, 5

723 North Korea’s failure to supply magnesia is explained with the inability of Bulgaria’s trade organization “Bulet” to arrange timely re-export through its offices in Japan and other countries. At the same time, another Bulgarian trade organization “Rudmetal” secured export of 1000 t. magnesia, so the Bulgarian side arranged import from North Korea with “Kwangmul” in November 1960. But the North Korean side still procrastinated the signature of the delivery agreement (along with 1 t. silver). During the year, at the same time, the North Korean side defended its position not to import all agreed quantities from Bulgaria with the fact that Bulgaria failed to make good on its promise to import 10,000 t. magnesia and 1500 t. crystal graphite from the DPRK. But when Bulgaria informed the DPRK that Bulgaria’s “Bulet” trade outlet can import 5000 t. magnesia and 1500 t. crystal graphite, 500 t. tale, North Korea’s “Kwangmul” did not respond promptly to the offer. At least this suggestion removed the burden from Bulgarian officials to prove that they were willing to import these commodities (justification for North Korean reluctance to import all agreed Bulgarian commodities). The Bulgarian trade representative reasoned that one of the main reasons for these problems was an incident in magnesia mine in North Korea, which disrupted the supply. In general, the deliveries for 1960 were finalized late, although the trade protocol was signed in December 1959. The supply of 1000 t. electrolyte zinc, 60 t. steel (the two items to be re-exported to China), 20,000 t. cement, 1 t. silver (to be re-exported to the USSR), and 4000 t. cast iron (for Bulgarian needs) were contracted in April 1960. The magnesia and the graphite were contracted in June. Despite these difficulties, the Bulgarian trade attaché Simeon Christov was inclined to blame the Bulgarian side in the name of “Bulet” which failed to arrange the re-export of quantities of magnesia and graphite on time. Some items from 1960 like fish oil (78 t.) were to be carried over to the beginning of 1961. Also, “Rudmetal” was ready to import 1000 t. magnesia to Bulgarian needs. In a meeting between the Bulgarian ambassador Georgy Bogdanov with Kim Il Sung and other officials the Bulgarian diplomat asked for delivery of 5000 t. cast iron. The Korean side asked for 20,000-30,000 t. wheat (probably suggested by Kim Il Sung), but the Bulgarian government declined the request. Mr. Christov observed that despite the fast growth of the North Korean economy, the domestic market lacked consumer products. Here and there in the city centers (only big cities) there were small stores but mostly with empty shelves, except small quantities of pea cans, fish cans, dry fish, porcelain, and cotton clothes with poor quality and high prices. Thus the Bulgarian side was perplexed that North Korea was reluctant to accept Bulgarian offers for various products. As a result of Bulgarian suggestion to import 6000 t. magnesia and 1500 t. graphite with promise to import all agreed quantities, the North Korean side felled compelled to make an inquiry for Bulgarian diesel engines, but the requested engines of 300-400 horse power models were not available in Bulgaria at that time. The wool textile was another commodity of interest. Ibid., 4-12
Thus Bulgaria fulfilled its export obligations only by half. These problems indicate that North Korea’s integration into the socialist world had a strong political element: when political will was lacking in resolving various commercial issues trade relations suffered with more problems. Socialist countries ignored the commercial side at times in order to bring North Korea closer into the socialist system.

According to the Bulgarian trade representative in Pyongyang, the reasons for North Korea’s ambiguity in its dealings with Bulgaria were three-fold: first, North Korea was eager to maintain balance, given the financial constraints of the country (that is to avoid deficits in its trade); second, the priority on heavy industry left the light industry underdeveloped and led to low consumption and stagnation of the internal trade, which prevented surpluses and thus the means to buy more actively from aboard; third, in almost all official documents, the North Koreans claimed that “they were capable of producing everything.” They started to produce tractors, trucks, etc. The media claimed that the DPRK would produce “walking excavators”, bulldozers, etc. At the same time, North Korea started to offer its most prized commodities to the capitalist market – gold, silver, ginseng, sheet iron, and the ores. The Chuch’e doctrine started to penetrate North Korea’s foreign trade relations with fraternal countries, but at the same time nourished ties with the capitalist world.

The Bulgaria-DPRK agreement for the 1957-1960 period was fulfilled in general and henceforth the agenda included another long-term agreement. The Bulgarian side insisted on concluding a long-term trade agreement with the DPRK in 1960, but the North Korean government was reluctant. Kim Il Sung explained this stance by the need to sort out the needs

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724 Bulgaria built one 3,200 t. ship for the DPRK worth 2.5 million rubles and also exported hoses. But it failed to export 3,000 agreed units of machines and equipment for 3 million rubles. Ibid., 8
725 Ibid., 4-12
for the Seven Year Plan before reaching long-term agreements. Shunning long-term commitments could be an attempt by the North Korean regime to secure more freedom in dealings with the outside world, including developing and capitalist countries. Another important factor was the priority that the DPRK put in trade with the Soviet Union and China. Kim acknowledged before the Bulgarian ambassador that “without securing oil from the Soviet Union, part of the industry, metallurgy, and the transport could not operate. And without providing coke and cotton from China, metallurgy and textile industry could not work.”\textsuperscript{726} The DPRK depended on supplies from China and the Soviet Union to develop its economy. Kim Il Sung also acknowledged that the DPRK had problems fulfilling its obligations for exports to some countries and had old obligations as well. In this regard it was difficult to conclude a long-term agreement.\textsuperscript{727}

Furthermore, Kim Il Sung and other government officials expressed reservations about concluding long-term trade agreements because “not everything can be predicted.” Another argument was that long-term agreements aimed at equipping factories and producing sophisticated machines, while the current (annual) trade agreements included mostly raw materials and semi-processed goods for the industry. The Bulgarian trade representative suspected a policy shift behind such reasoning, pointing to the widening of the trade exchanges with the capitalist world and post-colonial countries at the expense of the economic ties with socialist countries.\textsuperscript{728} Even if this conclusion was far-fetched it was not entirely groundless, given the subsequent frosty relationship between the DPRK and the USSR and East European countries in the first half of the 1960s (discussed in the next chapters).

\textsuperscript{726} AFMBG, Opis 16, delo 31, 572, Report from the Bulgarian embassy in the DPRK, meeting with Kim Il Sung, ambassador Georgy Bogdanov, Pyongyang, October 28, 1960, 21
\textsuperscript{727} Ibid.
\textsuperscript{728} AFMBG, Opis 17, delo 38, 634, Annual trade report from the Bulgarian embassy in the DPRK, 1960, trade attaché Simeon Christov, Pyongyang, December 29, 1960, 8-12
In 1961, trade between Bulgaria and the DPRK declined, but the plan was overfulfilled. Bulgaria fulfilled 76 percent of the planned export to the DPRK, while the latter reached 155 percent realization in its planned deliveries partly due to delayed deliveries from the previous year. However, North Korea was reluctant to embark on a more active trade relationship, as mentioned earlier. The Bulgarian prime minister offered the DPRK trade negotiations for a new trade treaty in June 1961 and the North Korean government sent a delegation only at the beginning of December. The Bulgarian ambassador in Pyongyang defined North Korea’s attitude as “deliberate and disrespectful.” One sign of the darkening atmosphere was stricter controls on East European embassies in the DPRK. The Bulgarian ambassador in Pyongyang reported in 1960 that the North Korean authorities continued the “line of isolation of its citizens from our embassy (and other socialist countries).”

We can surmise that while North Korea failed to implement its obligations to Bulgaria, the latter was also lagging behind in this regard. The structure of trade seemed more balanced, although part of the reason for this was North Korea’s reluctance to import machines from Bulgaria in a display of Chuch’ e, or one may say, mercantilist policy. The North Korean version of protectionism limited the country’s integration into the Soviet bloc. Interestingly, North Korea benchmarked the East European countries for its economic policy, as Czechoslovakia was seen as an example for its heavy industry, while Bulgarian agriculture was taken as a model to be

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729 North Korea reached 124 percent realization in its planned deliveries (2.5 million rubles) in 1961, but after adding delayed deliveries from the previous year, North Korea’s export reached 3.8 million rubles or 155 percent implementation. Bulgaria exported tobacco, tires, woolen fabric, medicine, etc. and North Korea exported steel, cement, ginseng, fish cans, medicine, and other goods.

AFMBG, Opis 18, delo 33, 593, Annual trade report for 1961 by trade attaché Simeon Christov, Pyongyang, December 30, 1961, 2, 3

730 AFMBG, Opis 17, papka 39, 645, Annual report from the Bulgarian embassy in the DPRK, 1961, ambassador Georgy Bogdanov, Pyongyang, December 10, 1961, 83

731 Usually former North Korean students in Bulgaria visited the Bulgarian embassy in Pyongyang to read newspapers and magazines, but their access became more difficult. Furthermore, the requested services from the embassy were slow and of poor quality.

AFMBG, Opis 16, delo 31, 567, Report from the Bulgarian embassy in the DPRK, Relations between Bulgaria and the DPRK in 1960, ambassador Georgy Bogdanov, Pyongyang, December 29, 1960, 3, 5
emulated by the DPRK. Thus, machines and equipment were not the industrial products North Korea was looking to import from Bulgaria. At the same time, Bulgaria had to re-export some North Korean products, for it did not need them for its economy. Bulgaria had deposits of colour metals that North Korea exported, for instance. Tobacco was another overlapping item exported from both sides. Re-export was another form of help to the DPRK, as Bulgaria played the role of trade broker for a limited range of North Korean exports.

Let us look at the trade exchange between the DPRK and the socialist countries in 1959, which was the most successful year in this field in the 1950s. Despite the success, North Korea was generally lagging behind in implementing its obligations to its trading partners in 1959, as three-quarters of its exports were expected to be realized in the second half of the year. At the same time, half of the goods were supplied in the first half of the year.732

In 1959, Czechoslovakia exported to the DPRK machines, buses, metals, etc., while imported 35,000 t. of rice, zinc, zinc concentrate, ladder, and tobacco, among other goods.733 Poland exported industrial goods to North Korea for 22.94 million rubles in 1959. The core of the Polish exports was heavy machinery, worth 17.3 million dollars, including excavators, tractors, and dump trucks. North Korea’s main export item to Poland was rice worth 9 million rubles. Other export items were silver, copper, graphite, ladder, ore, tobacco, and others. The plan for 1959 was for each side to record around 30 million rubles to the other country.734

732 AFMBG, Opis 13, papka 47, 577, Quarterly trade report from the Bulgarian embassy in the DPRK, second quarter of 1959, by trade attaché Yankol Tsvetanov, Pyongyang, July 15, 1959, 5
733 Ibid.
734 The deliveries from Poland included excavators for 5.5 million rubles, 1,000 tractors for 6.5 million rubles (6,500 rubles per tractor), 1,000 units of plows for 1.58 million rubles (1,580 rubles per unit), dump trucks for 5.3 million rubles (10,600 rubles per truck), 10,000 condensers for 2.5 million rubles (250 rubles per unit), 2,000 t. steel forms for construction for 1.56 million rubles (782 rubles per ton). The supply list from North Korea included 15,000 t. rice for 9 million rubles, 800 t. ladder for 880,800 rubles (1,111 rubles per ton), 2 t. ore for 58,440 rubles (19,480 rubles per ton), 2,500 t. resin for 1.95 million rubles (780 rubles per ton), 600 t. tobacco for 1.62 million rubles (2,700 rubles per ton), 5 t. silver, and 30 t. copper, 185 t. graphite, and 300 t. talc. Agreement for import from the DPRK was also expected for 3,000 t. zinc and 3,000 t. zinc concentrate, 50 t. steel, seeds, food products. Ibid., 4
Romania and North Korea agreed on a balanced trade volume worth 17 million rubles (8.5 million for each side) in 1959. Romania exported tractors (the main item which amounted to half of the trade volume or 4.275 million rubles), plows, paraffin, penicillin, and other goods. The DPRK in turn supplied ladders, copper, steel, diamonds, talc, fish oil, amongst other things. The DPRK signed protocols for 9 million rubles of trade (split in 4.5 million rubles for both parties) in 1959. Hungary provided aluminum wires and other parts, transport lines, lab equipment, electric equipment, dump trucks and spare parts, hoisting cranes, and others. North Korea exported to Hungary the following goods: zinc, zinc oxide, ladder, electrolyte copper, silver, seeds, peanuts, fish flour, special sand, etc.

The trade volume between the DPRK and the socialist countries (including China) in 1958 was 670 million rubles. In 1959, trade nearly doubled to 1.2 billion rubles. This snapshot of North Korea’s trade with its socialist partners in 1959 displays a structure in which industrial goods were flowing to the DPRK, while the socialist bloc exported mainly semi-manufactured goods and agricultural products. The North Korean government took pains to become an equal trading partner and to balance the trade, as it exported goods ranging from steel

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735 Romania delivered the following items: 500 tractors (8,550 rubles per tractor) – 4.275 million rubles; 400 plows (730 rubles per unit) – 292,000 rubles; 600 t. paraffin (632 rubles per ton) – 379,000 rubles, penicillin, etc. The DPRK exported to Romania the following items and quantities: 200 t. ladder (1,085 rubles per ton) – 217,000 rubles; 30 t. electrolyte copper; 100 t. steel (1,100 rubles per ton) – 110,000 rubles; 1 t. diamonds (13,000 rubles); 200 t. talc; 30 t. fish oil (1,670 rubles per ton) – 50,100 rubles; 30 t. chemical material (890 rubles per ton) – 26,700 rubles; 6 t. agar (14,000 rubles per ton) – 84,000 rubles, 200 t. silicon (775 rubles per ton) – 155,000 rubles. Agreements for supply of zinc, steel, graphite, hop, and cotton were expected as well.

Ibid., 5

736 Hungary exported the following items to North Korea: 200 t. aluminum wires; 100 t. aluminum blocks; transport lines for 760,000 rubles; lab equipment for 350,000 rubles; electric equipment for 340,000 rubles; dump trucks and spare parts for 760,000 rubles; hoisting cranes for 486,000 rubles; others for 650,000 rubles. The DPRK supplied the following items: 1,000 t. zinc (935 rubles per ton) – 935,000 rubles; 200 t. ladder (1,075 rubles per ton) – 215,000 rubles; 30 t. electrolyte copper (2,420 rubles per ton) – 72,600 rubles; 500 kg silver; 100 t. steel (1,100 rubles per ton) – 115,000 rubles; 50 t. chemical material (890 rubles per ton) – 44,500 rubles; 1,000 t. resin (760 rubles per ton) – 760,000 rubles; 300 t. seeds; 350 t. peanuts (620 rubles per ton) – 217,000 rubles; 400 t. fish flour (500 rubles per ton) – 200,000 rubles; 10 t. feathers (6,000 rubles per ton) – 60,000 rubles; 100 t. special sand (140 rubles per ton) – 14,000 rubles. Agreements were yet to be signed in the second half of 1959 for supply (from North Korea) of 2,000 t. calcium carbide, 100 t. ladder, 5 t. hop, 100 t. fish fat, and other products for 334,000 rubles.

Ibid.

737 Ibid.
to feathers.

*Reaching out to developing and capitalist countries*

North Korea not only developed its trade relationships with socialist countries, but it also expanded the scope of its trading partners beyond the socialist world. The DPRK and Burma signed their first trade agreement in 1957. A delegation from Indonesia visited North Korea the same year and signed a similar agreement. The DPRK signed a trade accord with Sri Lanka (then Ceylon) in 1957 as well.\(^{738}\) Interestingly, Japan was very active in promoting an economic relationship with North Korea. Ninety-six Japanese delegations visited the DPRK between 1953 and 1958 (as of July). The peak was 1957, when 39 delegations visited Pyongyang.\(^{739}\) This frenzy of visits was also part of an effort by Japan to invigorate its ties with the PRC. North Korea started trade relations with the United Kingdom in 1957 through the trade association “Ramb”.\(^{740}\) The same year, the DPRK and Switzerland signed a trade agreement.\(^{741}\) North Korea’s trade “offensive” was part of an effort to open ties with the PRC as well. The DPRK did not try to substitute the Soviet Union and Eastern Europe as trading partners, but it was searching more actively for additional trade channels in order to reduce its economic dependency on the Soviet bloc.

In 1960 the DPRK made an effort to diversify its foreign trade. According to its trade agreement with Burma in that year, the DPRK was to provide steel, machines, construction materials, chemicals, textile, and food, while Burma would export agricultural and other products. Moreover, a delegation from Burma visited North Korea between October 28 and

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\(^{738}\) PA MfAA, A7077, Annual report from the embassy of the GDR in the DPRK, 1958, November, 1958, 56, 57

\(^{739}\) Ibid., 66

\(^{740}\) The DPRK exported 5,000 t. corn and corn flour, while imported 2,000 t. rail steel and 3,000 t. barb wire. Ibid., 69

\(^{741}\) North Korea exported feathers and bones, while Switzerland exported watches to the DPRK. Ibid.
November 5, 1960, touring plants, cities, and villages.\textsuperscript{742} The visit was similar to what numerous socialist delegations did on a routine basis by that time. It is notable also that North Korea started to export industrial products to other countries – a sign of its emerging comparative advantage in Asia in areas such as chemicals and machines. Thus North Korea tried to improve its position in the international supply chain. This industrial policy was also an effort to overcome weakness in agricultural production. North Korean officials believed that machine exports would significantly affect the DPRK’s internal economic position and that by producing them North Korea would become more independent.

North Korea participated in other trade activities as well. A North Korean delegation headed by the Minister of Foreign Trade visited Vietnam on 5 November 1960. The DPRK also dispatched delegations to Yemen and Austria.\textsuperscript{743} The North Korean government signed a trade agreement with Japan in 1959 to export 15,000 t. of graphite and 10,000 t. of anthracite in 1960, while Japan would supply electrical products, aluminum and chemical products.\textsuperscript{744} North Korea imported products worth 1.9 million DM from West Germany and exported products for 2 million DM between January and August 1960.\textsuperscript{745} The North Korean ambassador in the GDR, Pak Il-song, met English trade officials (including representatives from the Conservative and Labour parties) in Leipzig. The English side made an inquiry to import zinc, manganese, ammonia sulfate, etc., and to export machines, electro-mechanics, etc.\textsuperscript{746} North Korea became a regular participant in the trade fairs in Leipzig and Plovdiv (Bulgaria). By 1961, North Korea had trade relationships with 30 non-socialist countries.\textsuperscript{747}

\textsuperscript{742} PA MfAA, A6966, Memo of the Ministry of Foreign Affairs of the GDR: Trade with other countries, Berlin, November 11, 1960, 63
\textsuperscript{743} Ibid., 65, 70
\textsuperscript{744} PA MfAA, A6966, Report from the embassy of the GDR in the DPRK, October 25, Pyongyang, 1960, 77
\textsuperscript{745} Ibid., 76
\textsuperscript{746} Ibid., 78
\textsuperscript{747} AFMBG, Opis 18, delo 33, 593, Report from the Bulgarian embassy in the DPRK, Economic development of
The DPRK exported goods worth 1-2 million pounds to Japan in 1961. Among the export items were iron ore, steel, color metals, magnesia, fish, etc.\(^{748}\) – similar to the list of goods that North Korea was able to export to the socialist countries. In the same year, the DPRK sent trade delegations to India, Burma, Indonesia, Sri Lanka, Guinea, Mali, Morocco, and Cuba. North Korea traded products with Austria, France, UK, and West Germany. It was only a matter of time, the East German embassy representatives reckoned, before the volume and quality of North Korean products destined to capitalist countries would increase.\(^{749}\)

The DPRK worked on several levels in the administration to expand its foreign trade. It sent trade representatives to countries like Burma, the UAE, and India. North Korea’s organizations for trade promotion actively pursued relationships with India, Indonesia, Japan, UK, West Germany, Switzerland, Lebanon, Australia, Austria, and others. Government trade treaties were signed with the UAE, Yemen, Burma, and Iraq.\(^{750}\) Besides the exports of colour and precious metals and agricultural products, North Korea’s exports grew to include such goods as cement, soda ash and chemical products. According to a North Korean account (1961), the DPRK imported sheet steel, oil, medicine, wool yearn, and some special machines and equipment.\(^{751}\) It is notable how the machines were put in last place, although they were crucial for the domestic economic development. This understatement shows growing assertiveness of the DPRK in its dealings with the outside world and an eagerness to reach the status of an industrial state. The large amount of imported industrial goods, however, reveals that North Korea needed a considerable amount of value-added products from abroad for its development.

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\(^{748}\) PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1961, January 1962, 99

\(^{749}\) Ibid.

\(^{750}\) AFMBG, Opis 17, delo 38, 632, “The Development of Trade of the DRPK” article from Kukche Senghwal, #12 1961, by Yi Jin-su, Pyongyang, 1961, 2

\(^{751}\) Ibid., 3
Trends of North Korea’s trade

In the broader perspective of the postwar reconstruction era of the 1950s, North Korea’s foreign trade grew significantly: it doubled from 1953 to 1956 and it rose by 154 percent in 1957 on annual basis. Trade between the DPRK and the socialist world further increased in the late 1950s and the early 1960s. In 1961, North Korea’s exports increased 138 percent compared to 1959: this was 5.1 times the level of 1953. North Korea’s exports followed the same pattern: in 1956, it increased by 220 percent over 1953 and in 1958 it recorded gains of 135 percent compared to 1957. The trade constituted around 17.2 percent of DPRK’s national income in 1959 which was the peak year in foreign trade (in absolute terms) in the 1950s.

The structure of exports also changed. The share of ores in North Korea’s exports decreased from 82 percent in 1953 to 54 percent in 1956 and to 13 percent in 1960. In 1956, the colour and black metals constituted 31 percent of exports. In 1960 the figure reached 44 percent of exports. In the same period, chemical products increased from 6 to 12 percent. The December Plenum of the KWP in 1959 decided to increase the production of black and colour metals for the purpose of foreign trade. The export of steel jumped by 468 percent in 1959 on annual basis, while electrolyte lead and soda ash increased by 349 and 347 percent

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752 AFMBG, Opis 17, delo 38, 632, “The developing trade of the DRPK” article from Kukche Saenghwial, #12 1961, by Yi Jin-su, Pyongyang, 1961, 1
753 PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, based on Nodong sinmun article, April 4, 1962, 85
754 Ibid
755 The GNP of North Korea in 1959 was around 3.2 billion dollars (official exchange rate) and 1.74 billion dollars (trade exchange rate). The foreign trade amount was 1.2 billion rubles (300 million dollars) which was 9.4 percent (official exchange rate) share and 17.2 percent (trade exchange rate) share of the GNP. If we add the aid which was around 71 million rubles that year the share of combined trade and aid would be 29 percent.
756 AFMBG, Opis 18, delo 33, 590, Report from the Bulgarian embassy in the DPRK, Economic Development of the DPRK, ambassador Georgi Bogdanov, Pyongyang, January 10, 1962, 61
757 The share of minerals decreased from 19.2 percent in 1959 to 15.5 percent in 1961, while the metals and metal products increased from 33.7 percent to 47.7 percent for the same period.
758 PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, based on Nodong sinmun article, April 4, 1962, 85
759 AFMBG, Opis 35, papka 15, 552, Quarterly trade report from the Bulgarian embassy in the DPRK, second quarter of 1959, by trade attaché Yankol Tsvetanov, Pyongyang, July 15, 1959, 13
respectively.\textsuperscript{758} This is another sign of the developmental policy pursued by the DPRK: shifting the structure of trade toward industrial products and promoting exports. Naturally, to the North Koreans, the increase in foreign trade and its changing structure was evidence (rightly) of the increased economic prowess of the country.

Bilateral trade relations emerged as a predominant pattern of North Korea’s foreign trade. The DPRK did not formally join COMECON, although it attended its sessions and participated in the organization’s committees until 1961. The drive to achieve a self-sufficient economy was another important trend in the early 1960s which affected foreign trade to some extent. The Bulgarian trade representative at the embassy in Pyongyang reported that the negotiations with North Korean trade officials for importing Bulgarian machines to the DPRK were difficult due to the “theory” (that is Chuch’e) which envisioned the “creation of favourable conditions for the production of all machines which could meet all their needs.”\textsuperscript{759} Furthermore, the personality cult generated nationalism which affected trade relationships.\textsuperscript{760}

North Korea’s nationalism had an impact on trade relationships with Soviet bloc countries, but it was not necessarily an isolationist policy. The DPRK continued to pursue trade with socialist countries, but tried to reduce dependency on the socialist system. The self-sufficiency policy did not necessarily mean closing the economy. The question was not whether or not to trade, but on what terms to trade, or more specifically, what would be North Korea’s role in international trade – primarily a supplier of raw materials and agricultural products or an exporter of more value-added goods. The DPRK was aiming at the latter. The self-sufficient

\textsuperscript{758} Other export goods which recorded big increase in 1959 were as follows: crystal graphite – 120 percent; ginseng – 202 percent; tobacco – 224 percent; ammonia fertilizer – 184 percent. AFMBG, Opis 17, delo 38, 632, “The developing trade of the DRPK” article from Kukche Senghwal, #12 1961, by Yi Jin-su, Pyongyang, 1961, 1

\textsuperscript{759} AFMBG, Opis 18, delo 33, 593, Annual trade report from the Bulgarian embassy in the DPRK, 1961, by trade attaché Simeon Christov, Pyongyang, December 30, 1961, 10

\textsuperscript{760} AFMBG, Opis 17, delo 38, 634, Annual trade report from the Bulgarian embassy in the DPRK, 1960, trade attaché Simeon Christov, Pyongyang, December 29, 1960, 18
economic strategy was another instrument to upgrade its economic status and be able to export industrial goods. However, this approach inevitably led to limitations in the scope of North Korea’s trade with socialist countries.

At the same time, aid in the form of commodity supplies remained an important part of the country’s economic relations. In 1960, for example, the Soviet Union supplied 500,000 tons of wheat to the DPRK on trade terms and another 90,000 tons as aid. The same year China exported 130,000 tons, Mongolia – 5,000 tons, Hungary – 20,000 tons (wheat flour), and Romania – 40,000 tons (wheat flour) to North Korea. The Hungarian wheat was paid in gold (500 kg). The DPRK was able to export rice 20,000 tons of rice to the GDR in 1959 (from the harvest of 1958), but requested 200,000 tons of wheat flour, reflecting lingering food shortages.\(^{761}\)

In a discussion with the Bulgarian ambassador in Pyongyang, Kim Il Sung acknowledged the existence of “serous problem to feed and dress the population.” Therefore they were forced to import food (wheat from the USSR and rice from Vietnam) and cotton. Kim saw the solution in increasing the crop per unit of land by using fertilizers and in securing double cropping on part of the arable land.\(^{762}\) The difficulties in securing the basic livelihood of North Koreans foreshadowed longer term problems in the North Korean economy including the costs of industrial strategy and heavy emphasis on fertilizer use, among others.

At the same time, credits continued to flow into the DPRK. These credits helped finance North Korean exports to the socialist countries. In 1961, for instance, the DPRK received loans for 118 million new rubles: 45 million rubles from China, 25 from the Soviet Union, 11 from

\(^{761}\) PA MfAA, A6966, Report from the embassy of the GDR in the DPRK: help from the socialist countries, Pyongyang, August 15, 1960, 74
\(^{762}\) AFMBG, Opis 16, delo 31, 572, Report from the Bulgarian embassy in the DPRK, meeting with Kim Il Sung, ambassador Georgy Bogdanov, Pyongyang, October 28, 1960, 22
Poland, 8 from Hungary, 5.6 million from Czechoslovakia, etc.\textsuperscript{763}

The progress which North Korea made in the field of economic recovery matched the rise of export capabilities of the country. In 1953, 85 percent of exports consisted of metal and non-metal ores, while in 1957 their portion dropped to 39 percent and in 1959 – 23.6 percent. At the same time, the share of metallurgy products increased from 9 percent in 1953 to 38 percent in 1959 and the chemical products increased from 13.4 percent to 15 percent for the same period.\textsuperscript{764} The share of machines in imports also increased as a result of expanding capital investment in the 1950s. The portion of key capital goods – machines, equipment, metals, and construction materials – increased from 58.6 percent of total imports in 1953 to 69.6 percent in 1956 and 80.3 percent in 1959. The share of consumer goods declined during the same period.\textsuperscript{765}

This trend reflected the policy priority on heavy industry at the expense of light industry and mass consumption products. The changing structure of foreign trade was an indication of growth in the North Korean economy, which was defined as a “developed industrial-agricultural state with a solid base of an independent national economy.”\textsuperscript{766} However, this definition contradicts the data on import structure cited earlier. More details on the import and export structure in comparison with East European countries sheds more light on the state of North Korea’s industrialization and the level of economic integration in the socialist system.

The share of machines and equipment in North Korea’s exports for instance, was 5.3 percent in 1960, much lower than the East European countries\textsuperscript{767} (except Albania). At the same

\textsuperscript{763} PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, 1961, January 1962, 98
\textsuperscript{764} Ibid., 4
\textsuperscript{765} Ibid.
\textsuperscript{766} Ibid. 5
\textsuperscript{767} The author of the cited article contradicts himself by asserting that the share of the machines, equipment and the consumer goods was decreasing in the import of the DPRK, while the raw materials was increasing. This reflected the policy objectives of the government, not necessarily the trend in the foreign trade. Indeed, the share of consumer goods was declining, but not of the machines and equipment, as early data indicated.
\textsuperscript{767} Ibid. 5
\textsuperscript{767} The share of machines and equipment in Bulgaria’s export in 1960 was 12.9 percent, Hungary – 38.6 percent, the
time, the share of imported machines and equipment in the DPRK in 1960 (22.5 percent) exceeded the corresponding share in the imports of only East Germany and Czechoslovakia, which implies that most of the countries depended on such imports. Moreover, North Korea had a larger share of chemicals in its export (12.1 percent) and smaller share of chemical products in its imports (6.2 percent) than East European countries except the GDR, which shows the relatively high level of development of North Korea’s chemical industry. North Korea was a leading exporter of energy sources, minerals and metals amounting to 59.7 percent of exports. Other countries’ exports in this category ranged between 9.2 percent (Bulgaria) and 36.9 percent (Romania). The DPRK imported a considerable amount of goods in this category too – 27.9 percent, which was similar to the average in Eastern Europe. The DPRK stood out in the import of consumer products with a share of 23.5 percent – between four and five-fold larger than the other countries. The share of consumer products in North Korea’s exports (10.2 percent) was among the lowest among the socialist countries (only Romania and Poland had lower shares).

If we use another comparative measure, the amount of North Korea’s foreign trade per capita was 21 rubles in 1960 (slightly in favour of imports – 11 rubles and exports – 10 rubles). This amount was more than three times smaller than Romania’s (67 rubles) which had the lowest level amongst the East European countries. It was more than eleven times behind Czechoslovakia (247 rubles), which was the leading trading nation in Eastern Europe at that time. North Korea had slight deficits, but these were a common phenomenon among East European

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768 The share of machines, equipment, and transport machines in Bulgaria’s import in 1960 was 43.9 percent, Hungary – 28.5 percent, the GDR – 12.7 percent, Poland – 27.1 percent, Romania – 33.6 percent, and Czechoslovakia – 21.7 percent.

769 Ibid.
countries except Czechoslovakia and Romania (the GDR had a balanced foreign trade). Given these comparisons in foreign trade, North Korea was not on par with East European countries in economic openness or international integration. However, as mentioned earlier, aid played a key role in DPRK’s economic relations with the socialist world, and trade only emerged as a significant channel for economic exchanges in the second half of the 1950s.

No doubt, North Korea’s economy recovered and expanded rapidly in the 1950s, but industrialization translated into increasing dependency on a supply of industrial goods from socialist countries, particularly in the fields of energy sources, machines, and consumer products. Most East European countries also depended on imports of machines and energy sources, given the data from their trade in 1960, but this dependency was partly a function of close economic integration within the Soviet-led system. North Korea’s dependency would have important consequences for its policies in the 1960s, as Pyongyang tried to steer away from close economic integration in the international socialist system.

Summary

The trade between North Korea and the socialist countries increased substantially in the 1950s. In 1959 it doubled compared to 1958. Sino-North Korean trade was a notable exception to this upward trend, as it declined from 1954 to 1957. China reduced its exports to North Korea in this period due to difficulties in supplying key materials and goods, but North Korean exports to China continually grew. Since most of the Chinese exports consisted of aid supplies, the export volume declined together with reduction of aid to the DPRK. North Korea’s trade with

770 The East European countries had the following amount of trade per capita in 1960: Czechoslovakia – 247 rubles (127 export/120 import); The GDR – 230 rubles (115/115); Hungary – 165 (79/86); Bulgaria – 138 (65/73); Poland – 86 (40/46); Romania – 67 (35/32).
Ibid., 154
socialist countries declined in 1960 due to a reduction in capital investment in the economy (1960 was “buffer year” between the Five and the Seven Year Plans). 1961 was a mixed year as Soviet-North Koran trade was robust, but the trade between North Korea and the GDR declined. The Soviet Union was a leading trading partner with a 56 percent share of DPRK’s imports in 1961; China was second with 34 percent and Eastern Europe combined for 7.9 percent.

The DPRK’s partners had to re-export some North Korean products to third countries, for they did not need all the Korean products for their economies. North Korea also asked for high prices for its export goods. The DPRK had an ambivalent attitude toward trade with fraternal countries at times, partly because the massive aid during the Three Year Plan undermined the economic interest in developing more vigorous foreign trade relations. The aid continued to flow to North Korea during the Five Year Plan but on a declining scale which provided more room for trade expansion. Trade was another way of help to North Korea, although it was gradually converting the relationship between donor countries and beneficent to one between more equal partners with all elements of disagreements and bargaining in trade transactions.

North Korea had chronic trade deficit with socialist countries, particularly with China. But North Korea recorded surplus at times, most notably with the Soviet Union in 1954, 1957, 1960, and 1961. The DPRK often failed to meet its trade obligations with socialist partners as it had limited export capacity. The economic recovery and industrialization increased export capabilities and toward the end of the 1950s and early 1960s the DPRK became more equal trading partner with socialist countries. North Korea made efforts to expand trade relations with capitalist and developing countries. North Korea expanded the scope of its trading partners, as it sought to climb the economic ladder and become an industrial exporter in Asia – a sign of its
economic developmental policies. The DPRK made strides in developing its trade relations, but lagged behind East European countries. North Korea’s amount of trade per capita was 21 rubles in 1960, which was three times smaller than the Romanian level – the lowest in Eastern Europe (excluding Albania). The emerging pattern of North Korea’s foreign trade was based on bilateral trade relations. Pyongyang did not join COMECON, but attended its sessions as an observer until 1962.

Machines, equipment, and energy sources were steadily a major part of North Korean import. Dependency on such imports was commonplace in the East European countries’ trade structure too. The share of consumer products in the North Korean imports (almost one/fourth of the import volume in 1960, for example) was much larger than in the imports of the East European countries. North Korea depended on supplies of basic goods from abroad, including food. The structure of North Korean exports evolved in the 1950s. Ores and metal concentrates constituted the main portion of exports in the postwar years but declined toward the end of the 1950s, while the share of black metals sheet iron grew as the structure of Soviet-North Korean trade shows. Cast iron, zinc, and lead also emerged as major export items in the second half of the 1950s and early 1960s, as they occupied significant place in the Soviet overall imports of these products. The group of energy sources, minerals, and metals occupied around 60 percent of the DPRK’s overall exports in 1960. Chemicals also constituted sizable portion of North Korea’s exports in comparison with the export structure of East European countries at that time. The dynamic of North Korea’s export structure in the 1950s indicates fast postwar recovery of the economy and expanding export capability which was developing toward more value-added products.

The amount of trade made around 30 percent of North Korea’s GNP in 1955, which was
the climax year of North Korea’s integration, while in absolute terms the trade volume reached its high point in 1959. The socialist countries helped North Korea through trade credits, indirect subsidies (by selling cheap and buying expensive at times), and playing a role as trade brokers to third countries. North Korea’s exports were also a way to pay debts to socialist countries. DPRK’s trade relationships in the 1950s were intertwined into the aid programs to North Korea. Another form of helping North Korea through the trade relations was price subsidies. Most notably, the Soviet Union sold oil to North Korea at half the level of world oil price by the end of the 1950s. In the early 1960s there was increasing caution in Pyongyang as to what extent to develop trade relationships with socialist countries. The trade was affected by a more assertive nationalist policy which was displayed in trade negotiations in the areas of prices and export structure, for example.

The socialist countries made some concessions in their trade relations with North Korea for political reasons, as they tried to integrate the DPRK into the Soviet-led international system. The “socialist internationalism” was an ideological cliché but it also was a policy orientation. In a way, trade was an extension of aid in the 1950s. The political awareness that the DPRK displayed was part of the international socialist system. The regime needed help in its costly postwar reconstruction and this was an important political underpinning in the bilateral trade relations between the socialist countries and North Korea. No doubt, there were commercial interests behind North Korea’s bilateral trade relation with the socialist world. North Korea was part of the “socialist market.” The exchange of goods at certain value and the commercial interests made the trade network a “market,” while the political character of socialist economic cooperation added “socialist” to the definition.
Part III

Divergence from the Socialist System

1962-1970
CHAPTER SEVEN

Chuch’ě Socialism in North Korea and the Crumbling of Socialist System

The next three chapters deal with North Korea’s internal development and its economic relations with the socialist world in the 1960s and early 1970s. The period includes the Seven Year Plan, which marked the DPRK’s internal and external divergence from the socialist system. North Korea drifted away from Soviet and later Chinese policies and practices. The self-reliance doctrine dominated North Korea’s policies and shaped its distinct national character. The internal divergence of the DPRK from other socialist countries affected its external divergence from the socialist system. The reverse was also true: external alienation from socialist countries affected the internal divergence of the regime in terms of differentiation of domestic political economy from other socialist countries. Moreover, the international socialist system split into Soviet and Chinese subsystems. The Sino-Soviet split put the DPRK in a complicated situation, but it also presented opportunities for the Pyongyang regime. The nationalist and more isolationist policies stifled the country’s economic relations with the socialist world, but only to a certain degree. The deterioration of relations with socialist countries was somehow “paced.” The North Korean regime never allowed a simultaneous deterioration in its relations with the Soviet and Chinese camps, pointing to the significance of the country’s external integration for its economic development and security.

Furthermore, the ideological and political divergence did not translate into disintegration from the international socialist market. No doubt, the Chuch’ě doctrine and policies had an impact on North Korea’s economic relations with socialist countries. The cooperation between the DPRK and the Soviet-led camp in the field of aid almost ceased to exist after 1962 in field of
financial aid and technical assistance. Yet in the realm of trade North Korea maintained more consistent bilateral relations with the Eastern bloc, even though they were not as robust as before the ascendance of the regime’s relative isolationist policy. The economic cooperation between the DPRK and the Soviet camp recovered after 1965. Also, North Korea pursued more active economic relations with capitalist countries in the 1960s. Sino-North Korean relations suffered a blow as a result of the Cultural Revolution in China. The deterioration of Sino-North Korean relations affected the bilateral trade more severely compared to the bad spell in Soviet-North Korean relations. The DPRK moved back to a more integrating economic mould in the second half of the 1960s after almost a decade of divergence tendency.

The DPRK’s self-reliance policy affected the domestic economy, which led to corrective measures by the regime. Indeed, the economy continued to grow in the 1960s but it slowed and underperformed under North Korea’s own terms. The fulfillment of the Seven Year Plan was extended by three years. Also, the emphasis on quantity at the expense of quality dealt a blow to the real economy. More importantly, the economic growth did not translate into improvement of living standards of the population. Even in some key measurements (like purchasing power) it declined in the 1960s. One of the main reasons for the disproportions in the economy was the increase of spending on heavy industry and military. The reduction of economic cooperation and the flow of capital and technologies from the socialist countries also played an important role in stifling the domestic economy. At the same time, South Korean economy was gaining momentum and catching up with the northern economy. Security was another area which contributed to Pyongyang’s more cooperative policy with the Soviet camp after 1965.
The socialist system under strain

The world was a dangerous place at the beginning of the 1960s. The Soviet Union and the United States were locked in a fierce battle for supremacy at the height of the Cold War. The Cuban missile crisis in October 1962 was a sobering episode, which brought the two rivals to the brink of a nuclear war. It also undermined Khrushchev’s grip on power, which was further weakened by his erratic economic policies at home. A number of socialist states – China, Cuba, Romania, Poland, and Eastern Germany – grew dissatisfied with Khrushchev. Khrushchev made the Soviet party-state apparatus unhappy by cutting off some of its privileges. The Soviet economy was sluggish and Khrushchev overcommitted Soviet resources to support national liberation movements. In October 1964, he was dismissed by the politburo (presidium) of the CPSU. The Kremlin coup that brought Leonid Brezhnev to power represented the revenge of a party apparatus which was tired of reforms and worried about Khrushchev’s soft approach to the West and the Sino-Soviet split. The change in power in Moscow signalled a hardening of Soviet policy and a process of “de-de-Stalinization,” albeit in softer terms than “classical” Stalinism.

The socialist world cracked. Yugoslavia and Albania were the outcasts in Eastern Europe, while the Sino-Soviet conflict deepened the divide in the communist movement. The honeymoon of the socialist international system was over and it faced a murky decade ahead. The world in the middle of the 1960s was in an extremely volatile state as a result of the rise of revolutionary movements; the aggravation of Cold War conflict; and the aggravation of the Sino-Soviet split.

Chuch’e emerged as North Korea’s ideology in the 1950s as part of an attempt to steer an independent course from the Soviet Union and eliminate internal party dissent. Chuch’e was a

771 Leffler, 192, 195, 197
“socialist nationalism” which played a two-fold role – consolidation of power at home and a closed-door policy abroad. The nationalist orthodoxy became the ideology of power of Kim Il Sung and the guerrilla group in the party-government. The 1960s was a tumultuous decade for North Korean development and the socialist world amidst the very public Sino-Soviet split. In the first half of the 1960s, North Korea distanced itself from the Soviet Union and all the East European countries except Albania and Romania. By the mid-1960s internal and external insecurities, rising economic difficulties and the failures to implement the Seven Year Plan prodded the North Korean leadership to reconsider its frozen relationships with its former close allies and donors. At the same time, the DPRK experienced a frosty spell in its relationship with China in the second half of the 1960s. This rollercoaster ride further hardened the North Korean system, but also forced changes in the regime’s external policies.

The Sino-Soviet Split and North Korea’s policy

We will now outline some of the main events which shaped the character of North Korea’s relations with the two rival giants in the socialist world. China signed friendship alliance treaties on March 20, 1960 with North Korea and Vietnam. The North Korean-Chinese treaty was for mutual help, including military intervention. On July 11 1961, the two sides signed a treaty for automatic military assistance, based on “brotherhood.” Five days earlier, a North Korean-Soviet security treaty was signed, based on “socialist internationalist principles.” The difference between the treaties was both symbolic and substantive. The security treaty with the Soviet Union provided military and other assistance to North Korea without delay in case of an invasion of the country. The two sides signed the treaty for a period of ten years after which it was to be reconfirmed every five years. The DPRK’s treaty with China was permanent. It stated

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772 Yi Chong-sŏk, 2001, 222
that in the event of war on the peninsula China would assist North Korea “militarily and in other ways without delay with utmost efforts.”

The 22nd Congress of the CPSU in October 1961 made the Sino-Soviet dispute public. As a result, Soviet-North Korean relations deteriorated. Khrushchev criticized the Albanian Communist Party for bloody atrocities in Albania and reiterated his criticism of Stalin’s personality cult. The Communist parties of the Soviet bloc criticized the Chinese Communist Party, and the North Korean delegation headed by Kim Il Sung came to its defence. At a KWP CC meeting in November, Kim expressed disapproval of the removal of Stalin’s remains from Lenin’s mausoleum, but tried to stay neutral by stating that Stalin’s issue was a matter of the CPSU and prohibited discussions on Stalinism and Albania problem. However, after the Soviet Union withdrew its diplomats from Albania in December, Kim started to worry and felt compelled to state more clearly his position. He warned party members at the March 1962 Plenum that the KWP must prepare for the contingency that the Soviet Union will cast us aside in the same way as it happened to Albania. From 1962 North Korea started to support the Chinese position openly. In the spring of 1962, Rodong Sinmun declared: “let us oppose revisionism.” In another issue in the end of the same year the mouthpiece of the KWP stated that “one country cannot interfere in the internal affairs of another country.” In 1963, North Korea blatantly criticized the USSR.

The Sino-Soviet relationship further deteriorated in 1962. During the Cuban missile crisis in October, China and North Korea criticized the Soviet Union for its “defeatism.” The USSR supported India (and supplied MIG fighter jets) in the Sino-Indian border conflict in
October-November 1962 which deepened the schism and animosity between Moscow and Beijing. The DPRK supported China and condemned the Soviet Union. Khrushchev normalized ties with Yugoslavia and Leonid Brezhnev visited Belgrade in October-November 1962, at China’s and North Korea’s chagrin. A border dispute between China and the Soviet Union started in 1962 which further exacerbated the atmosphere between the two countries.

Although the North Korean leadership more openly sided with China in the Sino-Soviet dispute, it walked a fine line between the two, trying not to fall out completely of Soviet favour. North Korea depended on the Soviet Union economically and defensively. This dependency shaped a more vigorously independent course, but also made Kim Il Sung cautious and even conciliatory toward Moscow at times. This two-fold (or ambivalent) approach can be observed during the Cuban missile crisis. North Korea sided with China in criticizing the Kremlin in handling the crisis and backing down. On the other hand, Kim showed support to Khrushchev’s position in a conversation with the Soviet ambassador in Pyongyang, Vasily Moskovsky. Kim Il Sung stated that revolutions had to be supported, but “wisely” and to avoid going to “extremes.” As he stressed several times, “a war is not needed right now.” Kim Il Sung showed

778 Ibid.
779 Estimated 60,000 Uyghurs from China’s Xinjiang province crossed the Soviet border in May 1962 in search for better economic conditions. Beijing accused Moscow of attempt to subvert the Uyghurs. A preliminary agreement was reached in 1964 to hand the Zhenbao island (known as Damanskii Island in Russia) on the Ussuri river to China but Mao’s statement that tsarist Russia stripped China from vast lands in Siberia and that the Chinese might seek compensations torpedoed the agreement. In March 1969, Chinese soldiers attacked Soviet border guards on the disputed island and the Soviets retaliated by attacking Chinese positions. More border clashes occurred in August the same year along the western section of the border in Xinjiang province. The Soviets even considered attacking China’s nuclear facilities. Alexei Kosygin and Zhou Enlai met in Beijing in September 1968 and decided to return the recalled ambassadors and start border negotiations. But serious negotiations started after the collapse of the Soviet Union in 1991 which resulted in an agreement (2004) which gave to China the mentioned Zhenbao Island in addition to Yinlong Island (Tarabarov Island) and half of the Heixiazi Island (Bolshoy Ussuriysky Island).

780 Ambassador Moskovsky reported Kim’s position on Cuban crisis as follows:
“he said that in no country does the revolution go smoothly; that many unexpected matters come up in the course of its development; that the revolution in Cuba was not made by the Russians, the Koreans, the Chinese [or] the Czechs; that it was carried out by the [Cuban] people themselves; and the essence of our task is to support it [the revolution] by all means, but to support it wisely, not to take the matter to extremes.
I know, comrade Kim Il Sung said further, that in some circles the initiative of N.S. Khrushchev is looked upon as a concession to the Americans, but I personally believe that in this complicated situation the Soviet government and
moderation and supported the Soviet position. The DPRK felt vulnerable defensively and sought
Soviet help in strengthening North Korea’s coast line and air defence. The North Korean regime
worried about the American supply of new equipment to South Korea. Kim wanted to send a
military delegation to Moscow to discuss Soviet aid policy.\footnote{The Soviet ambassador described the conversation with Kim Il Sung on North Korea’s defense. “Further, [I] told comrade Kim Il Sung that Moscow paid great attention to the concern that he [Kim Il Sung] voiced in a conversation with me [on 14 August 1962] regarding the necessity of strengthening the defense of the DPRK and, in particular, anti-aircraft defense. Comrade Kim Il Sung thanked me for this message [and] took over the initiative in the conversation. He informed me that recently, when [U.S. President John F.] Kennedy made noise about Cuban affairs, they [the North Koreans] had a meeting of the main Military Council under the CC KWP. The meeting discussed the question of the state of defense along the sea and land borders of the DPRK. We came to the conclusion, said comrade Kim Il Sung, that our border along the 38th parallel is firmly defended [na prochnom zamke]. Defensive lines in several layers, built into the mountains and hills, give us an opportunity to fully destroy the enemy if he attempts to break through to the North. The defense of the coastline and air defense are in much poorer shape. The coastline from Wŏnsan to Ch’ŏngjin and further out is one of our vulnerable places. Major cities, such as Ch’ŏngjin, Wŏnsan, Hamhung, Pyongyang, and others are poorly protected from air [raids]. The Military Council made an appropriate decision regarding further strengthening of the DPRK’s defense and improving battle readiness of the forces, but, taking into consideration the presence of new American equipment in South Korea, probably our decisions will not be sufficient. I am pleased, noted comrade Kim Il Sung, that the Soviet government approached with understanding the question of defense of our Republic. If the Soviet government does not mind, we are ready to send a military delegation for talks on the question of providing aid to us.”} \footnote{AMFABG, Report from the Bulgarian embassy in the DPRK: Political, cultural, and economic life and foreign}

However, unofficially North Korean officials commented that the withdrawal of Soviet
missiles from Cuba and the compromise with the United States was a “retreat before
imperialism.” Also, there was veiled criticism of the Soviet position in Kim Il Sung’s speeches
and articles. Kim argued that “the peace should not be begged for (from the imperialists), but
must be won with struggle by the masses.” The North Korean media stressed that the Cuban
people gained their freedom through their own efforts and would defeat the American aggressors
on their own.\footnote{AMFABG, Report from the Bulgarian embassy in the DPRK: Political, cultural, and economic life and foreign} Although the North Korean leadership refrained from open criticism of the

\footnote{N.S. Khrushchev made the sole correct decision, and this decision speaks not to the weakness of the Soviet Union, but to its strength and to the wisdom of its government. The socialist camp does not need a war right now. Comrade Kim Il Sung stressed several times that a war is not needed right now. If we manage to ensure that the USA removes all kinds of blockades of Cuba, then this will demonstrate not the weakness, but the strength of the Soviet Union and the wisdom of its government.” AVPRF, fond 0102, opis 18, papka 93, delo 5, Memorandum of Conversation between Soviet Ambassador to North Korea Vasily Moskovsky and Kim Il Sung, November 1, 1962, 135-138 CWIHP}
Soviet Union, its support of the Chinese position was noticeable. The position of various North Korean officials seemed to derive not from the principle of peaceful coexistence but from the viewpoint that the Soviet Union made a retreat in the face of American imperialism. North Korea’s support for the “dogmatic, sectarian and the nationalistic Chinese position” was obvious to the East German diplomats in Pyongyang.\(^{783}\)

The Chinese leadership focused its attack against Khrushchev’s decision to back down during the Cuban crisis, for his agreement to enter into test ban treaty negotiations, and for promoting the concept of peaceful coexistence. Khrushchev told his politburo comrades that the Chinese were pursuing a form of “national egoism” and wanted to play “first violin” despite their irrational economic policies. Khrushchev was dismayed by the fact that the Chinese might attack the Soviet Union rather than the imperialist enemy.\(^{784}\)

True, there were ideological differences between Moscow and Beijing in what can be defined as a duel between bureaucratic socialism and revolutionary socialism, but the Sino-Soviet split was based also on the rivalry for leadership of the international communist movement. The principle of singularity (a single idea and “truth”) is intrinsic in communist ideology, which postulated the establishment of a vanguard party as political bearer of a radical program for transformation of society. Therefore, power sharing seemed to be contrary to the concept of communist society. The idea of “democratic centralism” was inherent in the ideology and it easily translated into the international arena in the form of a centre of international communist movement. As “the first socialist country on earth,” the Soviet Union was naturally recognized as the centre of international communism. But this started to change with the

\(^{783}\) PA MfAA A7120, Annual report from the embassy of the GDR in the DRPK, 1962, ambassador K. Schneidewind, Pyongyang, January 1963, 231

\(^{784}\) Lffler, 171-172
Communist takeover in China.

Mao grew increasingly impatient with the Soviet economic model which was applied in China in the 1950s, and in 1958 adopted an accelerated socialization or “leap” in development. The Great Leap Forward led to huge dislocations and overstretching of the economy. It was “walking on two legs” by developing simultaneously the heavy industry and small local industries. However, the “speed up” and the divergence from the Soviet model were a very costly experiment. Thousands of Soviet socialists helping the Chinese economy returned home. The extraction of resources from agriculture caused famine, and the CCP had to adjust its radical policies (the “retrenchment” in early 1960s). Nonetheless, the living standards dropped and did not recover their pre-1957 levels until 1965.785

Chinese militant communism was bound to generate continued radicalization of society. The Cultural Revolution was a political leap meant to eradicate the past and build a communist utopia. It led to suppression and brought the country to the verge of a civil war which forced the intervention of the army. With some moderation the Cultural Revolution lasted until Mao’s death in 1976. The Chinese leaders felt that they were the new bearers of communism with China’s size and revolutionary mettle. This contrast with Soviet “betrayals” to the revolutionary road, that is to militant showdown between capitalism and imperialism. After retrenchment in the early 1960s, Mao decided again to push society and party on the path of revolution. Mao’s dictum of “politics first” is one of the key elements of his revolutionary zeal. The Cultural Revolution was a departure from Stalinist model of party/state control of society. The PLA intervention in politics was another deviation from the Stalinist model (the Red Army was never used as a

785 Macfarquhar notes that there was rapid industrial growth (particularly heavy industry, the steel industry being the main beneficiary) during the leap. In the metallurgical sector alone the investment trebled, and investment in heavy industry more than doubled. But the cost was high and the quality poor; large part of the steel was produced in “native”-type plants and small blast furnaces and had to be smelted again. Roderick Macfarquhar, *The Origins of the Cultural Revolution: The Great Leap Forward*, Oxford: Oxford University Press, 1983, 326-329
political tool in the Soviet Union). Masses were important, but they needed “guidance” from the CCP and when necessary from the PLA – the two pillars of state power in China after 1949. As Mao remarked in 1967, “cadres are the decisive factor.” The Chairman sounded like Stalin. Still, the attack against bureaucracy and unleashing the chaos of class struggle during the Cultural Revolution was a break from the Soviet model.

Without doubt, the Sino-Soviet split was serious and acrimonious. It dealt a blow to communist unity which was restored only toward the very end of the existence of the Soviet Union – the Gorbachev era. The socialist system which emerged in the 1950s was never united afterward. However, the Sino-Soviet split need not be overestimated, for despite all differences, the Soviet Union and China remained on one side of the barricades on the world stage until the second half of the 1970s. Despite the growing discord and animosities with the communist world, there was no doubt as to who the enemies were. Although the Cuban missile crisis brought out sharp differences in the Sino-Soviet relationship with regard to policy toward the United States, the differences were a matter of approach (hard-line and soft) vis-à-vis the United States. The Chinese opposed peaceful coexistence but were not about to undertake reckless confrontation with the imperialists. Even at the height of their conflict with the Kremlin, the Chinese paid lip service to communist unity, tended to belittle the border dispute, and declared their adherence to Marxist-Leninist principles and to the principle of peaceful coexistence.

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787 The Chinese foreign minister Chen Yi conferred with Mongolian government delegation in 1964 on the sidelines of the celebrations of the 15th anniversary of creation of the PRC in Beijing. In it the Chen Yi tried to downplay the conflict with the Soviet Union and the internal disagreements among the communist states. Chen said the following: “Territory-wise, there is a dispute between us and the Soviet Union. There were Sino-Soviet border talks, but they were not completed successfully (ha, ha – his laugh was forced and false). The dispute emerged, and it will continue, but unity is important. Disputes are not dangerous to human life. This is only a struggle by pen. Our parties and states must be friendly and close. You are participating in our celebrations. We will participate in whatever celebrations you have. The American imperialists are encroaching upon South East Asia. This is a difficult problem to solve. But contradictions between socialist states can be resolved. We are carrying out a policy of peaceful coexistence. However, if the enemy encroaches, we will not sit by idly. Friendship exists between fraternal countries.
the two sides continued to meet and the two states continued to trade. Similarly, North Korea was virtually frozen in its political relationship with the Soviet Union and the East European bloc countries, but fraternal assistance from the Socialist bloc continued (albeit on a smaller scale). Trade did not stop, and there was no doubt about which side the DPRK stood when it came to the Cold War divide.

At the congresses of East European Communist parties in late 1962 and early 1963, the North Korean delegation defended the Chinese position. At the 12th Congress of the Czechoslovakian Communist Party in December 1962, the North Korean representative commented: “if the CPSU has truly an internationalist attitude, the same is true for the Chinese Communist Part too.”788 As a sign of changing times in international communist politics, at the Congress of the German United Socialist Party (SED) in January 1963, the Yugoslavian representative was given a warm welcome, while the North Korean representative could not deliver a speech.789 The North Korean isolation from the Soviet camp was not only self-
imposed. East European countries also tried to isolate the DPRK ideologically and politically once Pyongyang’s regime made its pro-Chinese stance clear. The Albanians had not even been invited to attend the conference and the presence of the Yugoslavs infuriated the Chinese who in turn were treated with disrespect by other delegates of the Congress. This was the “last straw,” as the secretary of the Romanian Worker’s Party Gheorghe Gheorghiu-Dej put it.  

The Romanians had taken a softer approach toward the Albanians and had opposed recalling East European ambassadors from Albania and China. Romania wanted the inclusion of Albania in the Council for Mutual Economic Assistance (CMEA) or COMECON. At the same time, Bucharest also worried about close integration with the socialist economic organization, and had concerns about creating a common planning body. The Romanian leadership also had reservations about the unified command of the Warsaw Pact led by the Soviets; instead, they wanted cooperation among independent armies. It can be argued that with all its apparent monolithic unity, the “East European bloc” was not such a unified bloc after all. There were

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790 The following account of the Congress in Berlin is provided by the secretary of the Romanian Worker’s Party leader Gheorghe Gheorghiu-Dej during a meeting with Yuri Andropov, then a CPSU’s politburo member: “We agreed with, and very gladly applauded the proposal made by comrade Khrushchev at the Congress in Berlin that an end be put to polemics, a wise proposal. There is nothing more pleasant than doing everything possible to avoid worsening the divergences that appeared, so that the enemy cannot be glad about it. And we decided to back the proposal. But what happened there? It was a show. Something unbelievable. This impressed us very deeply. Of course, the Chinese were very much upset by the presence of the Yugoslavs in the hall; the Albanians had not been invited, this was – as the saying goes – the last straw, and when the Chinese delegate began to speak, those present began to whistle; this could be seen on TV in the West.” Yet, despite his worries and warmth towards the Albanians and the Chinese, Gheorghiu-Dej repeated the mantra of unity: “We will try to contribute towards strengthening unity. We all are interested in the victory of the socialist camp. It seems to me that, of all the people in the socialist camp, the Chinese represent about two-thirds of the camp (680 million). Of course, some people would feel inclined to say that population was not important, but this would be wrong. It is wrong because there [in China] they are building socialism as well. We must demonstrate that things are also going well there.”

ANIC, Central Committee of the Romanian Communist Party, Chancellery, file no.18/1963, Memorandum of Conversation between Yuri Andropov and the Central Committee of the Romanian Worker’s Party, Bucharest, April 3, 1963, 2-25

CWIHP

791 Ibid.

Also, ANIC, RCPCC, Chancellery, Folder 105/1965, Stenographic Transcript of discussions held with Chinese Communist Party delegation to the 9th Congress of Romanian Communist Party, July 26, 1965, 2-15

CWIHP
many internal tensions and policy disagreements centered on issues of national sovereignty, international communist movement, etc. Yet, all sides preached the mantra of unity.  

If Eastern Europe was not a unified “bloc” it was even harder to keep the far-eastern side of the socialist world in a unified international system. Such a system never existed in the first place. Rather, the nature of the socialist system was patchy, uneven, and often torn by internal tensions. North Korea shared Romania’s reservations about closer cooperation (which meant dependency) and went even further in its relative isolation from the Soviet-led system. Geography is one reason for DPRK’s distancing. However, political disagreements which arose from Sino-Soviet split and the dynamics of North Korea’s politics were the primary reasons for the tendency of the DPRK to disengage from the Soviet camp.

For two years, from the fall of 1962 to October 1964, there were no Soviet or Korean high level delegation visits between the USSR and the DPRK. At the same time, North Korea and China carried on intensive exchanges. Kim Il Sung and Zhou Enlai exchanged unofficial visits; Ch’oe Yong-gŏn, chair of the Presidium of the Supreme People’s Assembly, visited China in 1963, the president of China, Liu Shaoqi, travelled to Pyongyang. The two neighbours extended their goodwill by resolving a lingering border dispute which emerged as a result of changes to the Yalu river bed in Mount Paektu area. In 1964, the DPRK and the PRC secretly settled their border dispute, which gave 54.5 percent of the disputed area near mount Paektu to North Korea as a sign of more compromising and a good-will stance. The Chinese made

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792 ANIC, Central Committee of the Romanian Communist Party, Chancellery, file no.18/1963, Memorandum of Conversation between Yuri Andropov and the Central Committee of the Romanian Worker’s Party, Bucharest, April 3, 1963, 2-25

793 Yi Chong-sŏk, 2001, 225

794 China and North Korea held border negotiations between 1962 and 1964. As a result of six-month border survey in 1963 it was agreed that 78 islands of Yalu river and 109 islands of Tumen river were Chinese, while 127 islands of Yalu River and 137 of Tumen River were for the DPRK. More importantly, 54.5 percent of disputed area in Paektu mountain area went to North Korea and 45.5 percent to China. It was not surprising that the border
symbolic territorial concessions to North Korea as gratitude to North Korea’s support to their position in the Sino-Soviet dispute. At the same time, North Korea tried to assume the role of mediator between the two socialist giants, although it was clearly tilting toward China. The Soviet representatives in Pyongyang were frustrated with the lack of “reliability” in North Korean partners.\footnote{The Soviet ambassador in the DPRK Vasily Moskovsky described the North Korean attitude at Ambassadors New Year’s dinner in the end of 1962 hosted by North Korea’s foreign minister Pak Song-ch’ol. We will offer his colorful story about the differences with the China and North Korea on the questions of unity, peaceful co-existence with the West and the creative application of the principle of Marxism-Leninism – main divisive issues between the two socialist camps.}

agreement of 1964 was secret due to the Chinese concessions and fear of internal criticism during the Cultural Revolution. Nevertheless, the governor of China’s north eastern Yanbian (Jilin) area was made a scapegoat and was repressed by the Red Guards due to the concessions made to North Korea.

Ibid., 232-236

\footnote{The Soviet ambassador in the DPRK Vasily Moskovsky described the North Korean attitude at Ambassadors New Year’s dinner in the end of 1962 hosted by North Korea’s foreign minister Pak Song-ch’ol. We will offer his colorful story about the differences with the China and North Korea on the questions of unity, peaceful co-existence with the West and the creative application of the principle of Marxism-Leninism – main divisive issues between the two socialist camps.}

\footnote{After the first toast, permeated by insincere babbling about unity, the minister, his deputies, and the Chinese charge d’affaires, who was sitting right in front of me, pronounced other 4-5 toasts for unity. With this, the Korean comrades tried to play [the role of] a kind of mediator between countries that did not have unity between themselves. The minister started explaining to me again that it is necessary to strengthen the cohesion of all countries of the socialist camp and strive towards full isolation and contempt [sic] of the imperialists. After this I asked those who were sitting at the same table with me to hear my point of view on this question. I said that the Soviet people are building communism. You, the Korean and the Chinese comrades, also drew socialism and communism on your banner. This means that we have one goal, and we are united. However, despite the fact that [we have] one goal, the roads to this goal have become different for some time. There are two roads to achieve this goal – the first is the bloody road, the second is the peaceful [road], but with intensified class struggle. All the Soviet people stand on the second road, but the Albanian leaders and some Chinese comrades prefer the first road. Our people believe in the decision of their party and we will follow only the road of peaceful co-existence. We do not share one opinion with the Albanian and the Chinese comrades on this question, and it is very bad that they were afraid for a long time to tell us openly about this, but played a bad game, directed at the sabotage of the unity of the socialist camp. During the five months of my stay here I read a great number of articles from the Chinese and the Korean press that had many overt and covert accusations addressed to someone, to the effect that these unknowns, under the cover of a creative approach, are allegedly perverting Marxism-Leninism. You have not stressed this here, but in the press you come out against the creative application of the Marxist-Leninist teaching. One can see a dogmatic approach to this teaching from your articles in the newspapers. But, indeed, V.I. Lenin permitted and even decreed that we use his teaching creatively. What do you want then, with whom are you fighting in this question – with Lenin? And so you, our dear Chinese charge d’affairs, are saying today that [you] are for principled unity on the basis of Marxism-Leninism, [and] you are prepared to get so drunk at this reception as to fall under the table. To fall under the table and to pull you out of there is not a difficult thing, and it is not the first time that we will have to pull you out. But to pull you out onto the right Leninist course – this is a more difficult issue, and in the course of one evening at this reception [this is] simply impossible. The comrades listened to me and did not get into polemics, and the minister again offered a toast to friendship and unity.”}

AVPRF, fond 0102, opis 19, papka 97, delo 4, Record of Conversation between Soviet Ambassador to North Korea Vasily Moskovsky and North Korean Foreign Minister Park Song-ch’ol, Pyongyang, January 3, 1963, 8-12

CWIHP
North Korea’s self-reliance versus integration

North Korea opposed the COMECON which was created as an East European socialist market tool in 1949. North Korean officials attended meetings and participated in COMECON committee work of the economic bloc in the 1950s, but they stopped attending as observers after 1962. North Korea pursued a policy of “people’s economy,” that is self-reliance and independence. COMECON was a European project, so when the DPRK leaned toward China, it became even more skeptical toward the economic organization which the North Korean regime came to associate with dependency on the Soviet bloc countries. As socialist aid declined, the Soviet Union and East European countries became the main realm of North Korea’s *Chuch’e* economic policy. Self-reliance did not exclude trade, as we shall observe, but the intensity and scale of the DPRK’s foreign economic exchanges were limited for the good part of the 1960s.

The self-reliance paradigm seemed to be in sync with autarkic tendencies in Asia. Furthermore, the autarkic policy fitted North Korea’s militant and nationalistic socialist ideology. The Chinese broke with the Soviet model partially because they wanted to pursue an independent course and thought that isolation was a good strategy. Even Deng Xiaoping, the patriarch of the Chinese reforms and the opening in the 1970s, was a proponent of isolationism in the 1960s. At a meeting with the Romanian leadership in 1965 Deng remarked: “As a result of your isolation you have more tomatoes and cucumbers than others, to say nothing of other things.” In East Europe, Albania and Romania (to a lesser extent) shared this philosophy. When discussing the issue of Yugoslavia and its economic difficulties, Deng noted that Yugoslavia received aid in both dollars and rubles (referring to aid from both the Soviet Union and the West). The new secretary of the Romanian Communist Party, Nicolae Ceausescu, replied: “You can do nothing just with handouts. Actually, you must first rely on your own forces. This is the soundest
kind of development.” 796 We can interpret this comment in broader terms about the meaning of self-reliance: it was not necessarily economic isolation, but a rejection of one-sided economic relationships which included aid and political dependency.

The Romanian policy was the East European version of Chuch’e, or relying on one’s own forces. In terms of a “system,” it amounted to socialist nationalism. It led to isolationism, but with options to reach out to others when necessary. In other words, Chuch’e was an expedient economic policy, based on circumstances rather than on long-term economic objectives for international cooperation. Isolationism was a result of nationalist “reflexes” against dependency and was a tactical policy of maneuvering, not a strategy. Nevertheless, in practical terms this policy limited the choices for integration. Sooner or later economic autarky leads to stagnation, threatening social stability. The reduction of economic ties to the outside world undermines the domestic economic development. The isolationism dooms the country to oblivion. The sorry outcome of isolationism forces nationalist regimes to try to look for alternative partners. And here comes the paradox: these political and economic alternatives often happened to be rivals of an ally, to such an extent that the independent course of these countries translated into economic gains from more than one party. For North Korea and Albania the “alternative” to the Soviet bloc was China. For Romania the alternative would be the West and China. China had also its “other” option – first it was the third world, and from 1973 – the United States, the enemy about which it quarreled with Moscow over peaceful coexistence policy. Such are the paradoxes of history. Yugoslavia followed an independent course, but unlike the countries mentioned above, was more open economically and more liberal politically.

North Korea was lukewarm toward the COMECON and cherished its independence, but

796 ANIC, RCPCC, Chancellery, Folder 105/1965, Stenographic Transcript of discussions held with Chinese Communist Party delegation to the 9th Congress of Romanian Communist Party, July 26, 1965, 2-15 CWIHP
it received benefits from trade, loans and technology transfers through bilateral agreements with socialist countries. It appears that the DPRK recognized the benefits of economic exchanges, but was suspicious about entering system-based organizations which might undermine its independence and lead to unwanted political influences. The structure of North Korea’s regime necessitated strict control of outside influences. Bilateral deals and relationships were more acceptable to the North Korean regime because they could be controlled better politically.  

During the 1971 visit to Pyongyang of a Romanian delegation headed by Nicolae Ceausescu, the North Korean leadership expressed its concern about being drawn into organizations like COMECON on the grounds that “there are pressures there.” The Romanians had their own misgivings about COMECON and the Warsaw Pact, but they opted to be part of these structures. The North Koreans preferred developing bilateral relations instead. They felt that they had more control over foreign relations in bilateral arrangements compared with their participation in multinational organizations. The Chinese also favoured bilateral relations, as they opposed the “superpower chauvinism” and the “social imperialism” of the Soviet Union.

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797 In the contemporary world, when comprehensive free trade agreements do not work out, bilateral agreements offset the lack of an international free trade system. South Korea is an example in this regard.
798 The Romanians replied to their hosts that “according to the laws of physics, if they came, too, the pressures would disperse to some extent.”
799 From the same perspective we could also explain North Korea’s uneasiness in regard to participation in the contemporary six-party talks for de-nuclearization and its preference to bilateral negotiations and agreements.
800 The Chinese leaders told the Romanians in Beijing in 1971: “We are against any center; we want bilateral relationships; we will have, by degrees, bilateral relationships, we will analyze each party, and we will establish relationships depending upon their position; if they do not swear at us any longer and if in battle they prove their position is Marxist-Leninist, revolutionary, anti-imperialistic, we will develop relationships.” Developing such bilateral relations was the reasons for Romanian visit in China. The PRC sent ambassadors to East European
The Soviet leadership tried to mend fences with China in 1965, but to no avail. Alexei Kosygin visited Beijing and tried to persuade Mao that its policy of détente was not a betrayal of socialism and that unity was crucial in the peaceful struggle with capitalism. Mao acknowledged that the Chinese communists were dogmatists; the Chinese were “bellicose,” “combative people” and did not believe in disarmament. He blamed the Soviet side for “doing too little too late to support the revolutionary struggle of nations.” The post-Cuban missile crisis détente between the United States and the Soviet Union faltered. Moscow was in a precarious neither-nor situation: neither could they build on improved relations with the West nor did they manage to improve relations with China.

The removal of Khrushchev in 1964 had an impact on the socialist system in different ways. One might expect that the political change in Moscow facilitate consolidation of the international socialist system, as Khrushchev was seen as the chief “revisionist” by Chinese and North Korean communists, but this was not the case. The Sino-Soviet relations did not improve, but the Soviet-North Korean relations began to normalize. Moreover, the special bond between North Korea and China showed signs of weakening in 1964. Not surprisingly, the first serious disagreement between the two sides was over the leadership changes in the Soviet Union. The Chinese criticized the new Soviet leadership after the ouster of Khrushchev, calling it “Khrushchevism without Khrushchev.” North Korea was cautious and wanted a more thorough evaluation of the changes in Moscow.

At the same time, Soviet-North Korean relations started to improve in the mid-1960s. Kim Il met with Brezhnev and Kosygin during his visit to Moscow for the 47th anniversary of

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801 Leffler, 226
802 Yi Chong-sŏk, 2001, 239

North Korea modified its position on peaceful coexistence with the West to accommodate the Soviet Union. This switch shows again the expedient character of North Korea’s policy. At the Party Conference in 1966, Kim Il Sung offered to apply different measures in different parts of the world – a relaxation of tensions in Europe may not prevent an escalation of conflict in other regions (understood as Asia). “The reduction of tension on one front cannot serve for improving the overall international relations. On the contrary, it will help the imperialists to step up their aggression on different fronts.” At the same time, North Korea supported the Soviet position of peaceful coexistence. A joint communiqué issued during the visit of Podgorni to Pyongyang supported the Warsaw Pact’s stance on taking steps to ease the tensions with the West. The communiqué also stated that it was “important to fight for comprehensive disarmament and a complete ban and destruction of nuclear weapons.”

The atmosphere between the DPRK and the USSR continued to improve. This was confirmed at the celebrations of the 25th anniversary of the Liberation of Korea in 1970, which was attended by a Soviet delegation led by Kiril Mazurov, deputy prime minister and Politburo member. In a speech at a reception for the foreign party delegations and the Soviet state delegation North Korean foreign minister Pak Sŏng-ch’ŏl made a point about the sacrifice of Soviet blood for the liberation of Korea. Toasts were given for the brotherhood between the

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803 Ibid., 241, 245
804 Ibid.
DPRK and the Soviet Union and the health of Kim Il Sung and Leonid Brezhnev.805

Furthermore, in a speech at the celebrations, Kim Il Sung used strong words to describe the friendship between the two countries:

“The friendship and the fellowship between the peoples of the two nations – Korea and the Soviet Union, are strongly connected in the fire of the struggle for liberation, strengthened and developed on the common path, laid out by great Lenin. Our friendship is unforgettable, eternal, and unbreakable.”806

Despite the warmth in Soviet-North Korean relations, Chuch’e remained the key element in North Korean ideology. Foreign minister Pak pointed to the importance of Chuch’e, because “the formation of our nation and party is based on the revolutionary ideas of Kim Il Sung and Chuch’e.” At the same time, there was an emphasis on the common ground which meant a common enemy: “The Asian nations and the entire world must be aware of the aggressive and militaristic machine of the Japanese militarists and their partners, the American imperialists.”807

At a time when Soviet-North Korean relations were improving, Sino-North Korean relations deteriorated. Kim Il Sung and Mao Zedong met twice in November 1964, first in Vietnam and then in Beijing, but did not meet again until 1969.808 In 1966, the PRC and the DPRK headed toward a collision course due to North Korea’s opposition to Maoism, including the personality cult.809 It is ironic that a leadership which built a personality cult around Kim Il Sung would criticize such a system in China, but this was a good example of the politics of asymmetric relations. The Cultural Revolution in China changed the dynamics of the Chinese-

805 PA, MfAA, C325/78, Report from the embassy of the GDR in the DPRK, Visit of Soviet Delegation led by Kiril Mazurov for the 25th Anniversary of Liberation of Korea, Pyongyang, August 17, 1970, 9-12
806 Pravda, August 16, 1970
807 Ibid.
808 Pak Sŏng-ch’ŏl delivered a speech on August 15, 1970 at the celebrations of the 25th anniversary of the Liberation.
809 Yi Chong-sŏk, 2001, 239
809 Yi Chong-sŏk, 1995, 297
North Korean relationship. The zealous revolutionary campaign of ideological and political “cleansing” in China by the newly born communist puritans not only outclassed China’s brethren, but even put Kim Il Sung in a difficult spot and contributed to a deterioration in Chinese-North Korean relations. North Korea’ criticism of Maoism coincided with (and it is fair to assume that it was a result of) the Red Guards’ criticism of Kim, labelling him a “counter-revolutionary.” The Red Guards started their attack against Kim in early 1967 – he was branded a “revisionist” like Khrushchev. They also spread a rumor of an impending coup against Kim in North Korea. As a result, the North Korean leadership stressed loyalty to the Party and the Leader. The conflict culminated in the recall of both countries’ ambassadors.810

The Vietnam War created new tensions between the DPRK and the PRC. North Korea accused China of narrow-minded dogmatism over Vietnam, while China fired back, blaming North Korea of opportunism, unprincipled compromise, and sitting between two chairs, a reference to China and the USSR. In turn, Rodong Sinmun accused China of dogmatism and sectarianism (August 12 1966). Kim Il Sung told a party conference in October 1966: “If they ask us on which side we stand, the answer is, we are on the side of Marxism-Leninism, on the side of revolution.”811 The Prague Spring and Warsaw Pact intervention in 1968 created new divisions in the socialist camp. China opposed the intervention (as Romania did), but North Korea supported it. The North Korean media ridiculed the “boorish policy” of the Czechoslovak government of Alexander Dubchek and stressed the need of “all socialist countries to jointly defend the socialist camp and vigilantly guard the socialist achievements.”812

810 Yi Chong-sŏk, 2001, 244
811 Ibid., 243-244
812 Here are some experts from North Korean media from August 22-23, 1968: “The socialist camp is invaluable achievement of the working class in the world for one hundred years of bloody battle.” “The defense and protection of socialist camp is sacred duty of every socialist state and all communists – a guarantee for the victory of the world revolution.” “All socialist countries must jointly defend the socialist camp and vigilantly guard the socialist achievements.”
Rising economic difficulties at home and the failure to implement the Seven Year Plan forced the North Korean leadership to seek the cooperation of its forgotten friends in the Soviet Union and Eastern Europe. The conflict in Vietnam created a sense of security crisis in North Korea due to the parallels drawn between the North Korean and Vietnamese situations and the perceived threat of American aggression against the DPRK. This urgency made the North Korean leadership turn to the Soviet Union. In addition, the Japanese-South Korean normalization treaty of 1965 increased fears in Pyongyang of hostile encirclement. These factors contributed to a warming in North Korea’s relationship with the USSR, which in turn played a role in the worsening Chinese-North Korean relationship.

In 1966, the North Korean leadership toned down the glorification of the party leadership’s partisan history. This move may have had something to do with the improvement in North Korea’s relations with the Kremlin, or more specifically with North Korea’s desire to improve relations. In January 1967, Hua Guo Feng (the hand-picked successor of Mao) attacked Kim of revisionism, likening him to Khrushchev. The Chinese, Albanian, and Yugoslavian delegations were excluded from the May 1 celebrations in Pyongyang. In the context of the North Korean-Chinese crisis, the North Korean regime pursued a personality cult policy with renewed vigor, as the propaganda stressed the Leader again – the Chuch’e creator. North Korea rejected the Cultural Revolution, labeling it “leftist” and “dogmatist” and countered Leader Mao with Leader Kim. External changes and unwanted influences led the North Korean leadership to tighten up inside. As in 1956, when the Soviet-inspired de-Stalinization campaign led to purges and the cementing of Kim’s power, the conflict with China led to another

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813 Yi Chong-sŏk, 1995, 293
814 Ibid., 299, 300
815 Yi Chong-sŏk, 2001, 246
cycle of hardening of Kim’s dictatorship.

Media coverage captured the state of the relationship between the two countries. In 1968, for instance, according to Bulgarian diplomatic sources in Pyongyang, North Korean media wrote about China only on three or four occasions. The Chinese even did not send a delegation to Pyongyang for the 20th anniversary of the DPRK in 1968. (The North Korean officials made it a condition to the Chinese not to criticize other socialist countries during their visit, which led China not to send a delegation.) In turn, North Korea did not send representatives to the Ninth Congress of the CCP. The Sino-North Korean relationship in 1969 was still frosty. The marking of the 8th anniversary of the Friendship Treaties with China and the Soviet Union (four days apart in April) in Pyongyang were a good point of comparison of the mood of the relations between the two erstwhile allies. The DPRK pursued equal partnership with China and cooperative relationship with the Soviet Union.

Even though China and North Korea tested the ground for normalizing their relations through an exchange of good-will messages between Zhou Enlai and Kim Il Sung in 1967 through the Mauritanian president, the relations started to relax only toward the end of 1969. Coincidence or not, 1969 was marked by a border dispute between China and the Soviet Union which brought them on the verge of war. Only a meeting between Kosygin and Zhou Enlai eased

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816 The occasions were: exchange of telegrams for the National holiday of the DPRK, the national holiday of the PRC, anniversary of the Chinese volunteers’ entrance of the Korean War. AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Relations between the DPRK and the PRC, charge d’affaires Apostol Apostolov, Pyongyang, May 20, 1969, 70
817 Ibid., 69
818 The North Korean media report of the celebration of the Sino-North Korean treaty emphasized that the foundation of the Sino-North Korean treaty was “complete equality and mutual respect of sovereignty and principles of proletarian internationalism.” In the report on Soviet-North Korean treaty pointed “firm determination of both countries to cooperate and support each other as class brethrens with common goals and ideals and to defend the peace in Asia and the world.” Furthermore, the Soviet ambassador remarked in his speech that the treaty with the DPRK was “powerful means to stop aggression whatever the source.” In his answer, the North Korean foreign minister, Pak Sung-ch’ol, that the DPRK “raises higher the banner of Marxism-Leninism and proletarian internationalism in response to the raging attempts of the imperialists, led by the Americans, and of any kind of reaction to undermine the unity of the socialist camp.” (underlines in the embassy reports) Ibid., 72
the tensions. There was flurry of good-will gestures and exchanges between the DPRK and the PRC in the second half of 1969.\footnote{The celebration of the 8th anniversary of the Friendship Treaty between the DPRK and the PRC was emphasized in North Korea. The cocktail in Chinese embassy in Pyongyang for the 42nd anniversary of the PLA was attended by high-ranking North Korean officials. North Korean delegation attended the celebrations of the 20th of the PRC in Beijing. The DPRK send a congratulatory telegram to the Chinese leadership for the new hydrogen bomb test. Furthermore, North Korea marked more extensively the 19th anniversary of the entrance of Chinese volunteers in North Korea during the Korean War. AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, first secretary Apostol Apostolov, Pyongyang, November 15, 1969, 192.} 

The improvement of relations was confirmed by Zhou’s visit to North Korea on 5-7 April 1970. The restoration of the special bond between the two countries must be viewed in the new context of North Korea’s more assertive independence and Chuch’e ideology. Similarly, the improvement of Soviet-North Korean relations in the 1960s was also based on a more independent-minded DPRK’s approach. Kim Il Sung secretly visited Beijing on 8-10 October 1970. Mao acknowledged the “extreme left faction” during the Cultural Revolution and expressed self-criticism, thus retracting the Chinese criticism against Kim. In turn, Kim sent a large delegation for the 21st anniversary of the PRC which was celebrated on 25 October 1970. China and North Korea signed agreements for economic and technical cooperation and long-term trade in Beijing on 17 October 1970, just a week after Kim’s visit. An agreement for military aid to North Korea was signed on September 6, 1971.\footnote{Yi Chong-sŏk, 2001, 252-253}

The improved Sino-North Korean relationship suggests an important economic motivation similar to the improved Soviet-North Korean relations after 1965. The North Korean regime experienced the cost of relative isolationism toward the big socialist powers and decided to soften its self-reliance policy and seek closer cooperation with the socialist countries. And improved political relations were the condition for closer economic cooperation which could provide capital and technical assistance and expand trade relations.
China needed North Korean support in the changing circumstances in East Asia. The border conflict with the Soviet Union and the improvement of relations with the United States required common understanding and strategy with North Korea. During Kissinger’s visit to Beijing in July 1971, Zhou Enlai secretly visited Pyongyang to explain to Kim Il Sung that there was no change of principle in Chinese foreign policy and that the Chinese placed their hope on the American people. Still, the North Korean leadership was perplexed and worried that China was giving up its anti-imperialist stance. Kim Il was in Beijing on 30 July to explain the North Korean position: it understood the invitation to Nixon; the visit will be advantageous to the world revolution; North Korea believed that there was no change in the anti-imperialist stance of China. In public Kim Il Sung explained that the “US waved the white flag.” “Nixon travels on foot to Beijing not as a victor but as a loser in the Korean War…. [it was] a big victory for the Chinese people and a big victory for the world revolutionary people.” At the same time, “foreign policy can change according to changed circumstances in the world.”

Kim’s speech highlighted a remarkable episode in Sino-North Korean relations. China sought the support of North Korea on the verge of dramatic changes in Sino-American relations,

821 North Korea presented several demands to the Americans through the Chinese: “Full withdrawal of American troops from South Korea; suspension of any nuclear arms, missiles in South Korea; to stop hostility (acts of invasion) and all sorts of spying and reconnaissance; stop joint US-ROK-Japanese military exercises and breakup joint US-ROK military; US to guarantee that Japanese militarism would not be revived and prevent replacement of American troops in South Korea with Japanese; dissolve UNCURK (UN Commission for Unification and Reconstruction of Korea); not to interfere in direct North-South negotiations and interfere in resolving the Korean problem by the Koreans; during discussion of Korean problem at UN a North Korean representative should be present and (North Korea) will cancel conditional invitation.” The North Korean demands were presented to Kissinger during his second visit in October 20-26 1971. There was no official reaction from the US Secretary of State, but Kim Il Sung again traveled secretly to Beijing in the early November to personally hear from the Chinese comrades about Kissinger’s visit and his reaction. Kim probably learned about the Nixon doctrine and the US intent to withdraw troops from the Korean peninsula and the need for relief of North-South tensions. On 20 November, North Korea started preparation for North-South meeting. Ibid., 255-256
despite its concerns about the North Korean leadership. North Korea also used the changed circumstances to engage in more active unification diplomacy. North Korea found it difficult to manage only with one of the two big brethren; in the first half of the 1960s China was the dominant partner of the DPRK. In the second half of the decade the Soviet Union was North Korea’s main international partner. By the end of the 1960s and the early 1970s North Korea stared to walk on two legs again like in the 1950s.

North Korea’s balanced foreign policy reflected the need to maximize economic relations with both China and the Soviet Union. Romania appeared in similar position. It nurtured ties with China without breaking ranks with COMECON and the Warsaw Pact with all frictions and tensions. Despite Romania’s bent toward self-reliance, it did not object to the economic benefits of developing relations with both Moscow and Beijing, and later even with the West. Similarly, North Korea expanded economic relations with the socialist counties despite its nationalist ideology because the regime realized the economic cost of relative isolationism. While the DPRK did not abandon the self-reliance paradigm, it limited its application in the realm of international integration and sought to maintain good relations with both China and the Soviet Union.

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822 Romania received a credit from China for 200 million rubles as a result of Ceausescu’s visit in Beijing in June 1971. He commented the Soviet irritation over the Chinese help in front of the Central Committee of the RCP in the following way: “Why we thanked the Chinese, well, because 200 million means something for us; for the Soviet Union it is little, true; but they gave us a credit, gave us help and we thanked them. If tomorrow you [the Soviets] also give us a credit, we will thank you as well.” Furthermore, another delegation member, Emil Bodnaras, observed: “We note with deep satisfaction the serious arguments of the Chinese comrades, registered by our delegation, concerning the recognizance of the fact that the functioning of a leading center in the communist and workers’ movement is impossible; this is a big gain for the communist movement, against those who want to revive this [concept], including by military force.” ANIC, Central Committee of the Romanian Communist Party, Chancellery, file no.72/1971, Minutes of the Meeting of RCP CC Executive Committee on the visit of Nicolae Ceausescu in Asian Countries, June 25, 1971, 10-58 CWIHP
North Korean politics

Each decade bore specific characteristics of the evolving political economy of North Korea. It is not that we can clinically divide and qualify the development in ten-year periods, but each decade had distinct features and a new “quality” to it. Therefore, the development is “blurred” and we take the decades as relative frames within which the system took on distinctive characteristics. One of the advantages of covering longer period in North Korea’s history is to see the evolution of the system and that it was not a static formation. After the fraternal decade of the 1950s, North Korea entered an era of more assertive nationalism. The 1960s was the Chuch’e decade in North Korea. But if we include the second half of the 1950s when the nationalist ideology emerged, we can directly link Chuch’e to the process of consolidation of power by Kim Il Sung and his supporters. The party-state control was consolidated around Kim Il Sung and his guerrilla group. In this sense, Chuch’e was a power control ideology which suited the consolidation of the party-state control around Kim Il Sung and his guerilla group.

Haruki defines the 1960s as the formative years of the “state socialist system,” while in the 1970s a new formation emerged on the top of the government. This “new superstructure” was “guerrilla government.”823 We can observe, therefore, the continued enhancement of Kim Il Sung’s power since the inception of the DPRK. This process was accompanied by the mythologization of Kim’s family as well as a tightening of party control over administration and society. The Chuch’e orthodoxy and militarization (to be discussed bellow) were leading tendencies in North Korea’s political economy of the 1960s. This decade can also be defined as the most isolationist period in DPRK’s history during which Chuch’e theology and praxis were in more harmony than in other periods because the ideology shaped foreign relations, economic policy (including external economic relations) and social life. Increased military spending, a

823 Sŏ Tong-man, 29
more politicized governance of economy and society, and a bigger role of ideology in society – these are some of the key elements of North Korea in the 1960s.

*Tightening the screws*

The focus of the North Korean leadership in 1962 was to extend the Ch’ŏngsanl-ri’ method and the ‘Taean’ system (enhanced party control of the economy as discussed in chapter 3) throughout the country. The factory party committee became the “collective organ for production management.” The party committee enveloped the factory management and thus made economics subordinate to politics, which involved the implementation of the party line and fulfilling instructions of upper party organs along the KWP’s hierarchy. The political control of the economy contributed to the inefficiency of the system.

Elections for the Supreme People’s Assembly were held in October 1962; 100 percent of registered voters participated and 100 percent of the ballots were cast for the 383 candidates. The KWP was in full control of the Supreme People’s Assembly and the government. The regime wanted to show “the unity of the people around the Party before the outside world.” The election campaign lasted for more than a month. The atmosphere was festive as city streets were flooded with students and pupils holding banners and paying music. Peasants also marched in villages in military formations and waved banners. Factory and administration employees gathered and read memories of participants in the anti-Japanese struggle, while youngsters read them aloud in city buses and made passengers sing revolutionary songs. The government

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824 AMFABG, Report from the Bulgarian embassy in the DPRK: Political, cultural, and economic life and foreign relations of the DPRK in 1962, first secretary Ljuben Stoichkov, Pyongyang, January 29, 1963, 3-4
825 The election commission announced that the candidates were elected by 100 percent of the voters and disproved the expectation of 30,000 ballots “against the people’s power,” expressed by DPRK’s Minister of Education to the Romanian ambassador hours before the announcement.

AMFABG, Opis 19p, delo 39, 726, Report from the Bulgarian embassy in the DPRK, Political, Cultural and Economic Life and Foreign Relations of the DPRK in 1962, first secretary Ljuben Stoichkov, Pyongyang, January 29, 1963, 3-4
organized general check-up of the voting population few days before the election and organized entertainment in front of election sections (bureaus) on the eve of the election. Many voters waited the whole night in anticipation of the vote. The chairman of the election bureau gave an open ballot to the voter who was escorted by a duty officer to cast the ballot in a box behind a curtain. The administration distributed mobile ballot boxes so that the sick could vote in their homes.\textsuperscript{826} Despite the one-party control of the political system the regime needed to hold at least a farce of an election because it was important for the legitimacy of the government. The “new democracy” did not exclude elections. On the contrary, elections continued to be part of the “democratic” facade, and at the same time, upheld party control. This was one of the gaps between the appearance of people’s system and the substance of top-down political structure in the socialist system.

North Korea’s relative isolation was mostly in the form of limiting relations with the Soviet Union and the East European countries. This policy included recalling all students from these countries to avoid ideological “contamination.” North Korean students were left only in Albania and China, obviously the most trustworthy regimes in the eyes of the North Korean leadership. The official explanation of the recall was that the students “did not receive work habits; they were subjected to Western influence; were indifferent about the situation in the DPRK; and poorly learned Marxism and Leninism.”\textsuperscript{827}

\textsuperscript{826} Ibid.

\textsuperscript{827} There was also discrimination to students who studied in the Soviet Union and other East European countries, as there was a preference to students who studied in China for more managerial and lucrative jobs. There was also
Recalling the students was quite a risky step for the regime to take, given the importance of education in the acquisition of new technologies. But politics prevailed over economic and technological considerations in the DPRK at that time. The East German embassy reported an unfriendly and even hostile attitude of North Koreans toward the Soviet and East German citizens in the DPRK. The relations between the GDR and the DPRK in various fields came to a standstill despite the political spin of the official statements to the contrary. North Korea followed China in not participating in the Leipzig fair, for example.828 Such a (relative) isolationist policy can lead one to conclude that the North Korean government truly believed that the DPRK could manage on its own, having only two friends – China and Albania – in the socialist world. However, the Soviet decision not to provide military aid to North Korea should not be overlooked. The deterioration of Soviet-North Korean relations, partly of North Korea’s own making, was an important factor in DPRK’s politics in the first half of the decade.

The relative isolationism of North Korea translated into stricter internal control and an enhanced repression apparatus. When observing Eastern Europe one cannot fail to see the link between Albania’s and Romania’s relative closeness and their higher level of repression compared to other East European countries. The North Korean regime continued to “tighten the screws” of the internal system in the early 1960s as an extension of the repression against factions in the KWP in the second half of the 1950s.

The Fourth Congress of the KWP in 1961 stated that all factions were eliminated but the purges continued in 1962. Everyone who disagreed with the party line was deemed revisionist.

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828 PA MfAA A7120, Annual report from the embassy of the GDR in the DRPK, 1962, ambassador K. Schneidewind, Pyongyang, January 1963, 236-237
In the end of 1962, 200 people were arrested including the writer Hanŏl-ya and fifteen other artists were arrested. Han reportedly declined to write a novel about Kim Il Sung and disagreed with the exaggerated role of the guerillas’ role for the liberation of the country.829

The active military preparations and increased political control led to a new campaign to check up people’s loyalty after the one initiated in the late 1950s. The campaign began according to the February Plenum’s decision of the KWP in 1964, called “For Further Strengthening of Work with Various Strata and Groups of Population,” and lasted until 1969. For this purpose the government formed a special task force “Group 620” which deported, arrested, and punished enemies of the regime. The task force divided the population into three categories – “basic,” “neutral” (wavering), and “hostile” – which in turn were subdivided into 51 groups. The “basic” category contained twelve trusted groups: workers; poor peasants; party members; state employees; war heroes; families of servicemen, fallen soldiers, fallen fighters in liberation movement, and so fourth. The “neutral” category had nine groups of mostly former small owners, merchants. There were thirty groups in the “hostile” stratum: former large owners and capitalists; landlords; farmers who had over 5 chongbo of land before 1946 (land reform); persons who were implicated in pro-Japanese or pro-American activities; families of those who migrated to the South during the war; Buddhists and Catholics; anti-party, counterrevolutionary, and factional “elements;” even “suspicious women” and their relatives – former shamans, prostitutes, entertainment ladies (kisaeng); and so forth.830 There is no data for the size of these categories and groups, but it is certain that the “hostile” category was in the range of hundreds of thousands.

829 AMFABG, Opis 19p, delo 39, 726, Report from the Bulgarian embassy in the DPRK: Political, Cultural, and Economic Life and Foreign Relations of the DPRK in 1962, first secretary Ljuben Stoichkov, Pyongyang, January 29, 1963, 17
830 Lankov, 2005(b), 226-228
The government detained political criminals and politically unreliable people in special camps which were under control of the Ministry of State Security. There were two types of camps – “regions covered by decision #149” and “special regions for objects of dictatorship.” The camps from the first type were located in remote mountainous areas and were similar to Stalinist camps for special deportees. The deported persons were potential “trouble makers” and worked hard labour, but were not detained in a closed area; rather; they had to report and check in regularly at the local security office. The “special regions for objects of dictatorship” originated from China. These camps had harsher conditions than the first type of camps because the deportees there committed “political mistakes;” among them there were also family members of serious political offenders. One of North Korea’s distinct features compared to Soviet and Chinese practices, was the detention of whole families of offenders, including children (in Stalin’s Soviet Union such harsh treatment was reserved only for exclusive cases.)\(^{831}\)

The consolidation of power of the partisans had two important consequences in North Korea. The first one was the rise of the military, as most of the former guerrillas occupied positions in the army. The second consequence was an increased presence of partisans in the government. Only one-third of the ministers (of around 30 positions) preserved their jobs in the third cabinet which was appointed in October 1962 and more than twenty new ministers were either partisans or technocrats (to augment the lack of managerial and technical skills of the partisans, as Suh Dae-Sook put it.)\(^{832}\) The government reshuffle was a major boost for the partisans on the back of soft purges (downgrading without arrests) of outsiders to the core group around Kim Il Sung.

The militant stride of socialism was influenced by China, but it also reflected internal

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\(^{831}\) Ibid., 230-231

\(^{832}\) Dae-Sook Suh, 211
political processes. The political turmoil in South Korea in 1960-1961 may have prompted a more active unification policy. The close ties with North Vietnam probably also contributed to this policy shift, as Hanoi worked out a strategy to liberate South Vietnam. Kim realized, however, that such a “liberation” effort on the Korean peninsula would require substantial preparation – establishment of a southern branch of the KWP and guerrilla forces. Although South Korea was not South Vietnam, Kim and his generals believed that they could reunify the country on their terms. A decade would be required to prepare the groundwork. Therefore, peaceful reconciliation was a smokescreen, while unification by force was the essence of the North Korean regime’s strategy.

The tightening of the political system continued. Besides the cementing of the party control and Kim Il Sung’s grip on power, the regime also consolidated its power through elections. The local elections for People’s Committees were held in December 1963 and the regime officially claimed that 100 percent of the electorate participated and 100 percent voted for the listed candidates. Party officials constituted about 40 percent on all levels (from provincial to prefectural) of the PCs.

After the purges in 1956-1958, the KWP swelled to 1.3 million members in the 1963-1964 period. The North Korean regime stressed both technical and political education to highlight the importance of economic development and political loyalty – an emanation of “red and expert” principle. Accordingly, the KWP launched supplementary to the formal training a life-long education program for both party and non-party members. Party officials criticized the formal education system’s ability to build political consciousness and doubted that the “old intellectuals” were as politically trustworthy. These criticisms amounted to a North Korean

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834 Dae-Sook Suh, 297
version of the Cultural Revolution. Indeed, there is evidence that North Korea’s Cultural Revolution preceded the one in China: deepening isolationism; increased xenophobia; radicalization of ideology; and revolutionary zeal and self-righteousness. Kim’s cult reached new heights: there was an anti-intellectual thrust to the purges, and a policy of moving people to the countryside for “re-education.” A big difference was that North Korea’s revolution was a more controlled process than the Chinese Cultural Revolution.

The regime also tied the mass organizations closer to the KWP. The Democratic Youth League was transformed into the Socialist Working Youth League in May 1964, and claimed 2.6 million members. Some of its leaders served in the KWP and the government. By early 1964, over 1.6 million League members were participating in the Chŏllima movement, which was modelled after China’s Great Leap Forward and launched in 1958. Similarly, in 1965, the Korean Farmers’ Union changed its name to the Korean Agricultural Workers’ League to reflect the “proletarization” of the peasants. Its mission was “mobilizing all farm workers for unified ideological, technical, and cultural revolution.” There are signs of a bottom up process in North Korea as ideological indoctrination started to “reproduce” itself in the form of grass roots movement.

*Militarization*

The issue of war and peace was one of the defining trends in North Korea’s politics and it seemed contradictory. On one hand, the regime extended an “olive branch” toward the South, but, on the other hand, it adopted a militant posture. In his speech at the 11th SPA session in June 1962, Kim Il Sung reiterated his proposal for confederation of the two Koreas in which North and South Korea would preserve their existing systems. He stated on 23 October 1962 that

835 Scalapino and Lee, 598-599
North Korea “did not have intentions of attacking the South and we do not intend to resolve the Korean problem with military force.” The SPA addressed a letter to the South Korean state which avoided a personal attack against Park Chung Hee.

At the same time, during a speech at the 43rd anniversary of the March First Movement in February 1962, Kim Il appealed for “unpeaceful” unification with South Korea. This militant stance hardly represented a divide within the North Korean leadership. Instead, it represented two-fold approach of the regime: to accommodate the Soviet policy of “peaceful coexistence” and at the same time to lay the ground for the future unification with the South by force, if necessary. Increased attention on strengthening military capabilities of the DPRK was an important trend in North Korean politics.

The Fifth Plenum of the KWP was held in December 1962 – after the return of the North Korean military delegation from Moscow, which reportedly failed to get the requested military aid from the Soviet Union. The first issue discussed at the December Plenum was “for further strengthening of defence capability with regard to the created situation,” referring to the raised tensions on the Korean peninsula. The Plenum stated that the enemy (the US and the South) would not dare attack the DPRK if the defence capabilities of the North became “strong as an iron wall” and North Koreans made their “whole land an insurmountable fortress.” All party members and the workers could build successfully socialism and defend cities and villages by “holding a gun in one hand and sickle and a hammer in the other.” The cohesion between the party and the army was part of building the North Korean system. The turn to a militant policy after 1962 became a vehicle for the further strengthening of party/army unity.

The North Koreans were building fortifications. Foreign ambassadors reported that

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836 AMFABG, Opis 19p, delo 39, 726, Report from the Bulgarian embassy in the DPRK: Political, Cultural, and Economic Life and Foreign Relations of the DPRK in 1962, first secretary Ljuben Stoichkov, Pyongyang, January 29, 1963, 9-11
some villages on the western coast were being evacuated. New restrictions were imposed on the movement of foreigners, including diplomats. The propaganda work was also enhanced, stressing the need for maintaining mobilization readiness. One possible explanation for the regime’s paranoia is the rise of the military in the South and the increased sense of threat from the US. The escalated American involvement in Vietnam fuelled North Korea’s security concerns. The Soviet “softness” on the Americans during the Cuban missile crisis further exasperated the regime’s fears, so it realized that it might have to rely more on its own forces. It was not by chance, therefore, that the issuing of the December Plenum’s statement coincided with a media campaign which drew parallels between the Cuban situation with that of the Korean peninsula. But the DPRK probably also saw an opportunity in a crisis situation which would allow a forced unification with the South. Consequently, the regime started to allocate more resources to the military for both defensive and offensive purposes. The increased sense of threat and enhanced aggressive posture were interconnected in the North Korean policies.

Foreign diplomats expressed the opinion that the DPRK’s peaceful proposals made to the South were for the “consumption” of the socialist countries in order to secure their moral and material support for the cause of Korean unification, while the internal “consumption” was what the North Korean government was doing daily.\(^837\) The East German ambassador Becker, for example, doubted the true face of North Korea’s proposal for conclusion of peace treaty between the North and the South (articulated in *Minju Chosŏn*, December 13, 1863), pointing to the regime’s need of appearing peaceful for the purposes of international politics.\(^838\) These

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\(^837\) Ibid.

\(^838\) The East German ambassador reasoned that North Korea wanted to appear to adhere to the principle of peaceful coexistence in the eyes on the newly liberated states and openly militaristic posture would not have a justification and could not win international support. He also observed that the DPRK could not ignore the progress of South Korean economy. The peace proposals also aimed at aligning South Korean population in the North Korea’s efforts to push for withdrawal of the American troops from South Korea. PA MfAA, A7126, Annual report from the embassy of the GDR in the DPRK, 1963, ambassador Becker,
observations imply that North Korea’s peaceful gestures to the South were peaceful image-oriented, while the daily military preparations were the true policy of the regime. The hastened militant posture highlighted the regime’s revolutionary zeal which translated in foreign policy objectives. At the February 1964 CC Plenum, Kim Il Sung stated that the conditions of successful revolution were three revolutions: in the North, in the South, and in the world.\textsuperscript{839}

The DPRK’s strategy to achieve unification was bolstering world revolution and communization of the south. This strategy explains to a great extent why North Korea sided with China in the Sino-Soviet dispute. The Pyongyang’s regime recognized in China its natural ally in its quest for unification through revolutionary means, military if necessary.

The partisan generals formulated the regime’s military policy at the December Plenum in 1962: to arm the entire population, fortify the country, every soldier to become cadre, and to modernize weaponry. The Second Party Conference in October 1966 confirmed and articulated the military policy, which began with arming the entire population. The Worker-Peasant Red Guards included 1.5 million people and the Red Young Guards had 700,000 members. Converting North Korea into a “fortress” meant fortification of storages and preparation for transformation of industries into wartime production. The regime pursued parallel development of economy and defence. “Cadre army” meant that every enlisted man should be trained to fulfill duties of the person above him in the army hierarchy. It was aimed at boosting the morale and prepare the army for future wartime expansion. In practical terms, a private should be able to lead a platoon, the platoon commander to lead a regiment and so fourth. Thus every soldier should be trained to withstand a hundred enemy soldiers with troops under his command, as the Defence Minister Pak Cha’ang-bong explained to his visiting Hungarian counterpart Mikege

Layosh in 1967. The modernization of the KPA required both conventional (older) and modern weapons. Since the supply of modern weapons was restricted until 1965, the North Korean leadership focused on developing a machine industry since 1962 in order to produce conventional weapons. The revolutionary thought was also supposed to supplement the lack of modern weaponry. 840

The massive military preparations reveal not only defensive posture, based on paranoia towards the southern military regime and its participation in the Vietnam War, but also offensive strategy. Following Soviet military concept, the chances of offensive success were based on 3:1 ratio of armed forces. In other words, with almost a million-strong regular army and as many reservists plus over two million Red Guards enlisted as potential militia force it was clear that North Korea pursued offensive strategy. But it was an uphill battle for the DPRK, both internationally and domestically. In addition to the presence of American troops in the south, Soviet “peaceful coexistence” policy was a major constraint for the North Korean regime’s military unification plans. And after 1965 Pyongyang was more cautious toward Moscow, as it depended on economic and military cooperation with the Soviet Union. On the domestic front, the militarization was complicated and very costly process.

The revolutionary thought could not substitute the material needs of the army and the huge recourses for implementation of military policy. Pak Ch’ang-bok acknowledged that most of the officers in the KPA did not know what modern weapons were and that the heavy equipment was from the time of the Korean War. The involvement of army personnel in the economy limited the training to eight months and in some army units – to just four months a year.

In addition to a minimum one month season work in agriculture, the army managed own farms to secure own food supplies. This is an evidence that the military started to run a parallel economy as part of the military policy in the 1960s. Militarization was an important trend in the 1960s, but its heavy cost was one of the chief reasons for the country’s economic decline. The simultaneous promotion of economic growth and big military spending was too much to bear in the context of relative isolation and disruptions in relations with the Soviet Union and China.

The military policy reflected broader tendencies in North Korean society – increased party control and mass mobilization. Furthermore, the Chuch’e policy meant that North Korea had to build up its military alone, as they were denied more aid from the Soviet Union amidst rising tensions between the two countries. Furthermore, the December Plenum had profound implications for the militarization of North Korean society. The DPRK is arguably the most militarized society in the world and we have to look to the root causes not only in the Korean War, but also in the nature of North Korea’s power structure in which the partisans-turned-generals assumed supreme control over society.

One may argue that the relative isolationism which started to dominate North Korea’s policies in the early 1960s also contributed to the increasing militant posture of the DPRK. Isolationism was linked to the awareness and fear that North Koreans had to defend themselves alone or more correctly – to unify the Korean peninsula on their own due to the soft Soviet approach to the United States. China was on North Korea’s side and shared its militant policy, but the weaponry came from the Soviet Union. In this regard, it was not by chance that part of the North Korean regime’s self-reliance paradigm was promoting a machine industry to develop

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841 AMFABG, Opis 23, delo 77, 1565, Report from the Bulgarian embassy in the DPRK: Visit of Hungarian Military Delegation to North Korea, May 24-June 4, 1967, charge d’affaires Ljuben Pavlov, Pyongyang, June 12, 1967, 31
and produce weapons. The siege mentality was one of the underpinnings of North Korean policies at home and abroad, but in early 1962 there was a noticeable increase in the regime’s militant rhetoric, which was backed by enhanced military readiness and bigger military expenditures from the national budget.

The Party Conference in 1966 signalled a major reshuffle in the KWP. The Plenum of the CC at the closing days of the conference made some structural and personnel changes in the party. Instead of a chairman and vice-chairman, new posts of general secretary with a panel of ten secretaries were established, forming a Secretariat, similar to the Soviet system. The Political Committee (Politburo) would have a six-member Presidium as the top operating body. Kim Il Sung was elected general secretary and the secretaries under him were members of Politburo. Six members and three alternate members of the Politburo were demoted. Most of them held key positions in economics; the unsatisfactory fulfillment of the Seven Year Plan was the most likely reason for their dismissal. At the same time, some military figures were promoted in the KWP.842

Ideological “brain-washing” and political “purification” went hand in hand with the militarization of society. The latter was manifested not only in the reunification policy but also in the enhanced role of the military in the political hierarchy and society. We have to look to the roots of the contemporary Sŏngun (military first) policy (officially dating from 1995) in the 1960s and the rise of the military. The elevation of the KPA to the highest levels of the government and priority allocation of resources to the military establishment and preparedness occurred in the 1960s. The guerrilla legacy of the ruling elite, the extreme character of the isolationist policy, the drive to prepare for the “liberation” of the South, North Korea’s puritanist

842 There were six dismissed Politburo members occupying economy-related positions. They were as follows: Chŏng Il-yong was in charge of electric and coal industries; Nam Il was head of the State Planning Commission; Yi Chong-ok was minister of Mining and Chemicals; Yi Chu-yŏn was minister of Trade; Hyŏn Mu-gwang was minister of Machine Industry; and Han Sang-du was Finance minister. Scalapino and Lee, 608
bent with respect to Communist doctrine, and hierarchical social traditions – all these factors contributed to the militarization of society. Once the North Korean system was established in the early 1960s and Kim Il Sung and the guerrilla group consolidated their supreme position in the political structure, militarization became a vehicle for the functioning of that system. In the latter 1960s, there was a further tightening of political controls over society and a more militant policy in the international realm, particularly on issue of sparking revolution in the South and forcing reunification.

By 1966, North Korea became overmilitarized. Such a system could easily overreact to slightest provocation or initiate unprovoked incidents itself. The North Korean leadership upped the ante in its unification policy. Kim Il Sung defined the policy at the February Plenum of the KWP in 1964 as the strengthening of three revolutionary forces located in the North, in the South and in the world generally. The policy toward the South was to create a revolutionary party, enticing the opposition leaders, and uniting the workers around the party.843

The Liaison Bureau in the KWP coordinated revolutionary strategy in South Korea. Under the supervision of the bureau’s director Yi Hyo-sun (a partisan and prominent party official) between 1961 and 1967, North Korea launched sporadic infiltrations of agents in the South, but such activities were limited. Kim Il Sung and the partisan generals decided to accelerate the instigation of the revolution in the South at the Plenums of the KWP in May, June and July 1967. They removed two influential non-military partisans, Pak Km-cho’l and Yi Hyo-sun – the fifth and the sixth ranking members of Politburo. And as Suh Dae Suk remarked, this was the first time members of the partisan group had been purged. They had not fought in the anti-Japanese struggle; they had spent most of the time during the Japanese occupation in jail. Suh pointed to another possible reason for their downfall – the improvement of relations with the

843 Dae-Sook Suh, 223, 226-227
Soviet Union, as both Pak and Yi played an active role as propagandists in the Soviet-North Korean dispute in the first half of the 1960s.\footnote{Ibid., 228-229} Another explanation was their opposition to the regime’s economic policy. They urged for a reduced tempo of economic growth, technocratic foundation of decision-making (meaning less politicization of economic decisions), and a reduction of military expenditures. Kim Il Sung branded this position “passivism” and “conservatism” and one that showed a lack of faith in the proletariat.\footnote{Scalapino and Lee, 611}

At the session of Supreme People’s Assembly at the end of 1967, Kim Il Sung formulated a ten-point program. Its key issues were the establishment of Chuch’e in all fields, liberation of South Korea, revolutionization and proletarization of North Korea, the development of a mass line to organize the people for revolution and construction, the consolidation of an independent national economy, and the increase of national defence capability.\footnote{Ibid., 612}

The Chuch’e ideology, the revolution, and the liberation (of the South) were intertwined points in Kim’s political agenda. In order to “liberate” the South, North Korea needed a strong military and economy. These primary policy objectives, however, ran against the logic of Chuch’e ideology and praxis. The relative isolationism of the regime led both to economic difficulties and a slowing of military modernization. North Korea’s GNP growth continued, but at a slower pace, something which allowed the South to start catching up. At the same time, the revolution was the basis for reunification, for it would make the South “compatible” with the revolutionary “centre” in the North. The idea of revolution (reunification) was compatible with self-reliance and nationalism, but the means to achieve it (economic and military strength) depended on external factors. And here is the paradox of Chuch’e revolutionary idea and the

\footnote{Ibid., 228-229}
\footnote{Scalapino and Lee, 611}
\footnote{Ibid., 612}
logic of development, which required relations with the socialist world and some degree of
dependence on socialist brethren.

The purges in 1967 left the (military) core of the guerilla group on top of the political
pyramid in North Korea. Commando raids followed against the South, most notably the failed
assassinated attempt against president Park Chung Hee in January 1968 by a commando group
which infiltrated the South and almost reached the Blue House (presidential palace) in Seoul.\textsuperscript{847}
The militant approach was underlined by Kim Il Sung in his speech commemorating the 20\textsuperscript{th}
anniversary of the DPRK in 1968. Although Chinese comrades were not present (Sino-North
Korean relations were then at their nadir), China’s revolutionary militancy was shared to a large
extent by the North Korean leadership. Kim linked the issues of revolution and unification with
the South, although he sounded ambiguous on the forms of struggle for taking power. His speech
combined “political and economic struggle, legal and illegal, violent and non-violent, large and
small-scale struggle.” But these forms “have to be directed to the decisive takeover of power and
this struggle can be successful only if it relies on violent methods.” He referred to the South: “To
think that the South Korean population could take power in its hands with some peaceful means,
without violent struggle – this is pure fantasy.”\textsuperscript{848}

In 1967, there were one hundred reported guerilla activities in the South. By October
1968 they had doubled. The increased commando raids could be partially a response to increased
South Korean participation in the Vietnam War. All commando raids ended in failure and the

\textsuperscript{847} The South Korean government responded by preparing a similar squad consisting of convicts, who went through
a secret program of rigorous training on Silmido island with a mission to be sent to North Korea and assassinate
Kim Il Sung. The mission was aborted after changes in the atmosphere of North-South relations. The KCIA wanted
to get rid of the squad in order to keep this program secret, but the commandos rebelled and killed their supervisors.
They reached central Seoul area (Myongdo) and wanted to appeal to President Park Chung Hee to be enlisted in the
ROK army. The regular armed forces intercepted the rebellious commandos and they were either killed or
committed suicide. This episode is well documented in the feature film “Silmido” (2006).

\textsuperscript{848} AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK, Relations between the
DPRK and the PRC, charge d’affaires Apostol Apostolov, Pyongyang, May 20, 1969, 81-82
only unintended “prize” of the militant policy was the seizure of the American intelligence ship
*Pueblo* in January 1968. Kim Il Sung’s design to implant a revolutionary force in the South was
doomed in 1968. The South Korean government arrested 158 people related to the Revolutionary
Party for Reunification in the summer of 1968 and executed its founder Kim Chong-t’ae, a
South Korean communist.849

The failure of guerilla activities in the South, the heightened tension with the United
States (North Korea deliberately shot down an EC-121 spy plane in 1969), and the
overstretching of partisan generals’ powers outside the military realm, started to undermine Kim
Il Sung’s confidence in his overzealous partisan generals. In addition, a conflict developed
between generals who advocated moderation (O Chin-u, who became KPA chief of staff and
later defence minister) and those who supported a rapid modernization of the armed forces.
These events hastened the downfall of the more militant partisan generals, such as Kim Kwang-
hyŏp (vice premier and one of the top partisan generals, secretary and a member of the
Politburo), defence minister Kim Ch’ang-bong, Hŏ Pong-hak (director of the Liaison Bureau,
responsible for commando raids and guerilla activity in the South), and others – around ten high-
ranking generals. This “soft” purge signalled the end of North Korea’s militant policy.850

Ch’oe Hyŏn succeeded Kim Ch’ang-bong as defence minister. With the exception of
Kim Yŏng-ju, Ch’oe was considered the most trusted person by Kim Il Sung. Kim Il Sung thus
insured tighter personal control over the military. This enhanced control over the military
resembled the political process in China, where Mao Zedong used the PLA to keep order during
the Cultural Revolution and more or less governed through the army.851 The party remained the
main power instrument despite the enhanced role of the military. Its growing membership was

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849 Dae-Sook Suh, 232-233, 236
850 Ibid., 240-241
851 Scalapino and Lee, 615
telling. The KWP swelled to 1.7 million members in 1970; in 1948, the party had 700,000 members, in 1956 – 1.165 million, and 1961 – 1.312 million.\textsuperscript{852}

The purges of generals did not undermine the authority of the military. On the contrary, they served to strengthen the role of military as an integral part of Kim’s political system. The military model permeated North Korean society. It appeared to foreigners that one’s life in North Korea was highly militarized. Almost everything was built along military lines. Military discipline was ubiquitous and the movement of population from place to place was limited.\textsuperscript{853}

At the same time, the curb of the militant generals indicated a renewed focus on the economy which had suffered in the 1960s. The experiments with extreme independence (which should be understood as isolation) and militancy were very costly and were put to rest. They were replaced with more pragmatic politics along with balanced relations with China and the Soviet Union. At the Fifth Party Congress in 1970, Kim Il Sung claimed that North Korea completed its transformation from a developing state to a socialist industrial state. But he also stressed that the military capability would only be used for defensive purposes. The turn of the tide to a more technocratic governance was reflected in the election of the new Central Committee: of the 117 members only 31 were reelected, and in the ten-member secretariat seven new members were elected. All of these were partisan-trained technocrats. Similarly, seven members of the Politburo (of eleven) were newly elected, and all except O Chin-u were nonmilitary partisans between 1966 and 1970. Also, only two of the six alternate members survived the purges. Besides Kim Il Sung, Cho’e Yong-gŏn, and Kim Il – the top people in the

\textsuperscript{852} PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 3, 70
\textsuperscript{853} AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The Situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 171
system or the triumvirate, no one was safe in the Politburo of the KWP.\footnote{Dae-Sook Suh 246-247; Scalapino and Lee, 602}

The guerilla group actually extended its grip on power at the Fifth Party Congress, despite the changes which reflected shifting priorities more than a power struggle within the power elite. The guerilla group had 31 members of the 117-member new CC. Other factions were all but extinct. Moreover, nine members of the Politburo were also former guerrillas and another member was Kim Il Sung’s brother, Kim Yong-ju. Interestingly, almost all members (27) of the guerilla group in the Central Committee were from the First Route Army during the anti-Japanese struggle in Manchuria and 18 of them were fighters in Kim Il Sung’s Sixth division of the Second Field Army as part of the First Route Army.\footnote{Most of the 117 CC members – 82 – were new recruits and easily controlled by the top leadership. There was not a single representative of either Kapsan or Yenan factions, while the Soviet faction had two members, including Nam II and the domestic faction also had two members. From the guerilla group in the CC from the Fourth Congress (1961) composed of 30 members, 9 were demoted (one died and one retired). Thirteen new members were selected at the Fifth Congress, so the guerilla group consisted of 32 members. All new 13 members from the guerilla group in the CC were fighters in the First Route Army in Manchuria and 10 of them were in Kim Il Sung’s Second Field Army (where he was commander).} This has led Wada Haruki to conclude that the Central Committee of the KWP was a monopoly of the First Route Army, not simply the guerilla group. In this way, a “guerrilla super state” emerged in 1970 as a new structure which was formed at the top of the socialist state system.\footnote{Haruki Wada, Puk Chosön: yugyŏk taegukka esŏ chŏn’gyu kun’gukka ro (North Korea: from Guerrilla Super State to Formal Dynasty), Korean edition, Seoul: Tolbegae Publishing Co., 2002 (first published in Japanese in 1998 by Iwanami Shoten, Publishers, Tokyo), 130}

North Korea’s monolithic political system strengthened further as Kim Il Sung consolidated his power around the guerrilla group in the early 1960s, but the political elite went through turbulent times in the second half of the decade. The changes did not spare the mythologized guerilla group. We observe that the 1960s witnessed continued evolution of the North Korean system. The purges in 1967 reflected the militant course toward the South, but the heavy toll of military expenditure and failed revolutionary activities forced Kim Il Sung to side
with the more moderate wing in the guerrilla group and to purge partisan-generals in 1969. Kim Sung played also a role of “arbiter” among his fellow partisans when different opinions surfaced. Such arbitration further highlighted his central role in the leadership. This was not the first time that Kim took a pragmatic approach. After the failure of the unification strategy during the Korean War, the North Korean leader initiated a new unification strategy through confederation of the two Koreas. More pragmatic considerations on economic development changed the course of North Korean politics at the end of the 1960s and the beginning of the 1970s. The purges in the guerrilla group did not diminish its size in the top leadership. The personnel changes reflected policy shifts, but they did not undermine the group’s paramount importance in the political hierarchy.

Summary

The world in the 1960s was marked by extremes and brinkmanship between the Soviet Union and the United States. The Cuban missile crisis is a case of point. The subsequent détente (nuclear test ban treaty, for instance) between the superpowers was short-lived as the national revolutions in the world presented a new divisive issue in the Cold War. The socialist world itself was torn by the Sino-Soviet dispute. Eastern Europe was not as united as is usually perceived. Albania was a known “outcast,” siding with China, and Romania created a headache for Moscow because of its independent approach and reservations about closer integration within the Warsaw Pact and COMECON. The Prague Spring in 1968 led to Soviet intervention and the Brezhnev doctrine. The US had problems on its own as the war in Vietnam tested the western alliance and America’s standing in the world. The protests around the non-communist world in 1968 rattled democracies and posed a significant challenge to a continuation of existing Cold
War strategies.

North Korea’s relations with the Soviet Union and China followed the swinging pattern of a pendulum. North Korea sided with China in the Sino-Soviet conflict in the first half of the 1960s. Militancy and self-reliance were closely related policies and they distanced North Korea from the Soviet Union and Eastern Europe. In this sense, it was a process of North Korea’s disintegration from the Soviet-led socialist system. But the DPRK started to improve relations with the Soviet Union and East European countries after 1965. The launch of the Cultural Revolution in China worsened Sino-North Korean relations, and they were only restored as late as 1969. The swings of the pendulum followed the integrating and the diverging tendencies vis-à-vis the Soviet and Chinese socialist sub-systems. The DPRK attained a tentative balance in its relations with the two socialist giants, but was more independent-minded than it was in the 1950s when it depended significantly on fraternal help.

The North Korean system evolved into a guerrilla state (or “guerilla super state” to use Haruki’s term), as the partisans controlled the KWP and the army. But there was a crack in the guerrilla group, as Kim demoted some partisan generals after an unsuccessful militant strategy toward the South in 1968. The political controls tightened and the party assumed greater management of the economy. The 1960s was the decade of Chuch’e in the sense that ideology and praxis became more closely intertwined. Socialist nationalism took more clear shape in North Korea by the end of the decade. “Socialist” meant a state-owned and highly centralized planned economy. “Nationalism” was the Chuch’e praxis. In the 1940s and the 1950s, there was nationalist tendency in North Korean politics, while in the 1960s it was more clearly and formally articulated as Chuch’e ideology. The North Korean regime militarized the country by establishing a huge regular army and reserve, by combining nearly two million servicemen (of
population of 14 million people) with the Red Peasants and Workers’ Volunteer Force. Construction of defence facilities, including underground military installations and plants, was one of priorities of the North Korean leadership, which adopted a more militant posture after 1962. The society became militarized in terms of control, mobilization, and hierarchical system. The KWP grew to 1.7 million members in 1970, asserting its control over state and society.

Militarization of state and society has been one of the most consistent trends in North Korea from its inception. But this trend accelerated in the 1960s by hastening a highly hierarchical system of political and social controls. As militarization is unique North Korean phenomenon, one can find surprising historical precedents in very different environment – two centuries ago in Europe, where fiscal military states emerged.\(^{857}\) Currently the KPA is about 4.3 percent of North Korea’s population and in the late 1960s it was 7 percent – both in the neighborhood of the cited figures in Europe.

North Korea has been in constant state of war – internally and externally. The North Korean economy was geared toward war, as many factories and facilities were built underground. The constant political and economic mobilization campaigns and military drills of population converted North Korean society into a garrison. The military legacy was crucial in legitimizing the regime – the guerilla group around Kim Il Sung was enshrined as the sacred core of society and Kim was not only the Great Leader but also the General. Likewise, his son Kim Jong Il is not only the Dear Leader but also the General. Top military rank ensured legitimacy of power in North Korea. Sŏngun (military first) paradigm is rationalization of fiscal militarism. In fact, Sŏngun is rooted in Chuch’ě and was its “deepening” and continuation from North Korean

\(^{857}\) Jan de Vries noted that the armies of the Netherlands and England were between four and six percent of their populations around 1800. Jan de Vries, “European and Chinese Economies in the Early Modern Period,” lecture UBC, Vancouver, October 2005
perspective, as 1960 is celebrated as launching time of “Sŏngun revolution” by Kim Il Sung who
protected “our style socialism.” Military and people became “one heart, united” (tangŏl ilsim) and building socialism was tantamount to “building great nation” (taeguk kŏnsŏl).

In short, we can discern three major elements of socialist nationalism in North Korea. Chuch’ẽ was the spiritual foundation (source) of the system. Party politics provided content and
direction, while the form (structure) was militarization. The source, the content, and the form of
the system were united through the Great Leader, Kim Il Sung, who embodied the united nation.

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858 On 25 August 1960 Kim Il Sung ushered the theory of Sŏngun revolution at a speech in front of the 105th
division of the KPA in Pyongyang. Kim “stressed the beginning of the North Korean military revolution as
strengthening and great achievement of Chuch’ẽ.” The 49th anniversary of the event was celebrated in 2009. Rodong Sinmun, “Workers and Farmers at a Celebration Meeting of the 49th Anniversary of the Sŏngun
Revolution,” Pyongyang, August 20, 2009; Rodong Sinmun, April 21, 2011

859 Rodong Sinmun, “Party’s Sŏngun Revolution is the Soul of Building Great Nation,” Pyongyang, August 25, 2009
CHAPTER EIGHT

Economic policy, isolationism, and integration

Economic policy

Seven Year Plan

The Seven Year Plan dominated North Korea’s economy in the 1960s. The Plan was announced with fanfare at the “victorious” Congress of the KWP in 1961. As mentioned earlier, 1960 was a “buffer year” after the completion of the Five Year Plan. The successful completion of the Five Year Plan led the North Korean leadership to believe that North Korea could achieve bigger successes and that the regime was bound to succeed in its socialist economic project. Yet North Korea needed ten years to fulfill the ambitious targets of the Seven Year Plan.

Several factors played a role in the regime’s failure to achieve its economic goals in the 1960s. The termination of socialist aid limited the investment and technology transfers from abroad – a key component of the regime’s economic development in the 1950s. As a result of diminished capital inflows from outside, North Korea’s domestic investment in the first half of the 1960s was almost entirely confined within its own financial resources. Furthermore, the militarization of society played an important role in stifling economic development. The North Korean leadership shifted its policy at the end of 1962 (most likely in response to perceived threats from the military government in the South) – from an emphasis on a technological revolution and economic growth to an emphasis on socialist construction and military preparedness.

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860 In 1956, for instance, the share of local capital for new equipment was 46.5 percent, while in 1960 it reached 90.6 percent. Kim Yŏn-ch’ŏl, 257
The rising military expenditures created a heavy burden for the economy. The common understanding among foreign observers in Pyongyang was that the DPRK spent on average a third of its annual budget on its military buildup. But some reports from socialist embassies point to an even larger share of the budget dedicated to military expenditure.\textsuperscript{861} At this time South Korea was also increasing its military budget. The South had to play catch up with the North in the field of military capability too, but the American military presence in South Korea created new dynamics in the security situation on the Korean peninsula, ones which looked frightening to the North. The northern regime’s military offensive in 1950 seemed to justify southern leaders’ decisions to expand ROK’s military capability in the 1960s.

Another factor underlying the economic problems in the 1960s was the limited food and natural resources of the country. North Korea did not become as self-sufficient in its food supply as its leadership wanted it to be: the regime was forced to divert financial recourses to buy food. Despite its minerals, North Korea had to rely on China and the Soviet Union for key raw materials such as oil and coal for its economic development. And their delivery was also not free. Furthermore, the isolation of the economy, or more accurately, the refusal of the DPRK to pursue closer economic ties with the socialist countries, left the North Korean economy with limited options to compensate for its lack of resources, capital, and new technology. Thus we reach an important structural reason for the economic problems of the country. By the early 1960s, North Korea had reached its limits as a state-planned economy. The reaction to these problems was a further tightening of the political controls (the opposite direction of what most of the East

\textsuperscript{861} Estimates of foreign observers in Pyongyang put the military budget at around 30-32 percent of the national income. The Romanian embassy put the figure even at 50 percent in 1965. It is true that the Romanian diplomats had better access to information and closer relations with North Korean officials than their East European counterparts, but this estimate was likely exaggerated. 
PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of the DPRK in 1965, Pyongyang, May 2, 1966, 20
European countries tried when faced with economic problems) which only compounded the regime’s problems. The improvement of relations with the Soviet Union, the renewal of credit and the activation of trade relations stimulated the economy in the second half of the 1960s.

Still, North Korea started the Seven Year Plan with robust growth and there was no indication of the problems which would occur after 1962. Overall, the economic growth continued in the 1960s, albeit unevenly. Besides, the economic ties with the Soviet bloc were not cut despite their limited usefulness. There were still industrial projects carried out with fraternal assistance (credits, equipment, and know how) and the regime’s foreign trade continued to provide valuable materials and equipment for the North Korean economy. Furthermore, the economic momentum of the robust economic recovery and growth in the 1950s continued to bear fruits in the early 1960s. There were plenty of reconstructed and newly built plants with modern technologies from the Three-Year Plan and the Five-Year Plan which constituted the backbone of the North Korean economy. The difference lay in the reduced scale of assistance compared to the 1950s.

The Five Year Plan (1957-1961) recorded 36.6 percent annual growth in industrial production. But Kim Il acknowledged in front of the Fourth Congress of the KWP in 1961 that North Korea was still lagging in its economic and technological development. Thus the main purpose of the Seven Year Plan (1961-1967) was to “realize all-around technical reconstruction, cultural revolution and a sharp improvement of people’s livelihood on the basis of the victorious socialist system.” The plan was divided into two parts: three years (1961-1963) and four years (1964-1967). The goal during the first phase was to consolidate and use more effectively the heavy industrial base and fast development of light industry and agriculture in order improve the population’s access to consumer goods. Heavy industry was to expand during the second phase
of the plan with an emphasis on the enhancement of technical equipment.\footnote{AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964, 58} The Fourth Congress set the ambitious goal of a 3.2-time increase in industrial production during the Seven Year Plan.\footnote{These were some of the targets for the Seven Year Plan: energy – 16-17 billion kW/h in 1967 (in 1960, the output was 9.1 billion); coal – 23-25 million tons (from 10.6 million in 1960); steel – 2.2-2.5 million tons (from 641,000 tons); cast steel – 2.2-2.5 million tons (from 853,000 tons); sheet iron – 1.6-1.8 million tons (from 474,000 tons); output of ore to be increased 2.6 times (iron ore – 2.3 times, copper ore – 2.5 times, etc.); fertilizers – 1.5-1.7 million tons (from 630,000 tons); fabric – 500 million meters (from 189,639 million); artificial fibres – 60,000-100,000 tons; cement – 4-4.5 million tons (from 2,235 million tons); grain – 6-7 million tons (from 3.8 million); meat – 350,000 tons; etc.} \footnote{Ibid., 59-60}

The grand goal of improving people’s lives during the Seven Year Plan was interwoven into the annual plans. The focus of the government and mobilization propaganda in 1962 was the achievement of “six peaks” of economic growth.\footnote{The “six peaks” were: production of 5 million t. grain; 250 million meters fabric; 800,000 t. fish and other sea products; construction of 200,000 homes split in half between the towns and the villages; production of 1.2 million t. steel; 15 million t. coal.}\footnote{AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Political, cultural, and economic life and foreign relations of the DPRK in 1962, Charge d’affaires Luben Stoichkov, Pyongyang, January 29, 1963, 21} It is worth noting that four of the six priorities in the program for that year were in the food and textile sectors. The North Korean leadership realized the importance of raising the living standards of the population after its overemphasis on heavy industry during the Five Year Plan. Living standards had an important political bearing – they were the “battleground” in the competition with the South. Indeed, the first phase (1961-1963) of the Seven Year Plan was designated as a period for improving the living standards of the population with a focus on agriculture and light industry.\footnote{AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Political development of the DPRK in 1963, Charge d’affaires Krasimir Chakurov, Pyongyang, February 5, 1964, 2} Nonetheless, heavy industry remained a priority in economic policy. Machines were needed for the plants and tractors and other equipment for the development of the agriculture. This was particularly important, given that the regime’s self-reliance political paradigm required an increasing share of domestic equipment production. This policy created tension in the system itself – the imperative
of greater self-sufficiency versus the political and economic needs of more pragmatic foreign relations. We have no clear evidence regarding the internal political process, but probably elements in the military played a key role in calling for self-sufficiency. While Kim Il Sung may have recognized the need for the assistance of fraternal allies, he pursued a vigorous self-sufficiency policy before its costs became apparent.

According to official North Korean data, three of the ambitious six targets for 1962 were achieved: increased production of grain foods, fabric, and fish products. Of these three areas, the fulfillment of the grain plan was the most unlikely to have been achieved. 1962 was a difficult year in agriculture, as there was a 40-day drought followed by heavy floods. It is all but certain that the goal of harvesting five million tons of grain was not achieved, given also that the goal itself was unrealistically high. Such a target was out of reach even by the end of the decade. We have to make a distinction between grain (including mainly rice, wheat, and maize) and “grain foods,” which was a larger category in North Korean planning, and included corn, bean, oats, and even potatoes. In addition, the grain foods output in 1963 was five million tons, meaning that the government reached its output goal for the larger basket of foods in 1962 a year later. The “peaks” of coal and steel production were also not achieved. Nevertheless, except for iron ore, thirteen major targets of the original plan for 1962 were fulfilled and production grew by 20 percent compared with 1961. The “peaks” were raised targets from their original levels in the annual plan.

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Ibid., 83

The main targets for 1962 were fulfilled, compared with 1961, as follows: energy – 11,445 million kW/h (114 percent); coal – 13.2 million t. (112 percent); iron ore – 3.336 million t. (94 percent); cast iron – 1.213 million t. (130 percent); steel – 1.05 million t. (136 percent); cement – 2.376 million t. (105 percent); 3,360 machine tools (128 percent); fertilizers – 779,000 t. (118 percent); fabric – 256 million meters (137 percent); 23.71 million pairs of shoes, mainly rubber (119 percent); 2.24 million coats (159 percent); soy liquid – 115.9 t. (112 percent); vegetable oil – 23,000 t. (118 percent); fish products – 840,000 t. The productivity in industries increased on average 4 percent. The annual salary increased by one percent. Most of the food – meat, fat, sugar, eggs, milk, etc. – was distributed by coupons two or three times a year. 1964 was designed to be a watershed in the living standards, according to the
The mobilization campaign for achieving the high production targets in 1962 led to new tensions in the economy as the government decided to correct the distortions in 1963 by emphasizing the expansion of the extraction of raw materials and particularly ore mining. Another focus was the production of artificial fibres.\textsuperscript{868} At the September Plenum of the KWP in 1963 Kim Il Sung acknowledged the unsatisfactory pace in the improvement of the country’s living standards. He argued that the main task in 1964 would be the consolidation of heavy industry and using its potential to develop light industry and agriculture. According to Kim, the emphasis, however, had been incorrectly placed on accumulation rather than consumption. The internal party opposition to the “heavy industry first” line in the 1950s argued that the fraternal aid should be used for consumption. Kim gave an example of setting too high a target for steel and cast iron in the Seven Year Plan – 2.5 million tons and 2.2 million tons respectively, while the current production of one million tons would be sufficient if used efficiently. Kim acknowledged that light industry and agriculture were underdeveloped.\textsuperscript{869}

The annual growth for their first three years of the Seven Year Plan was 14 percent versus the planned 18 percent, as the economy in 1963 grew by 8 percent instead of the

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\textsuperscript{868} AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Political, cultural, and economic life and foreign relations of the DPRK in 1962, Charge d’affaires Luben Stoichkov, Pyongyang, January 29, 1963,  22, 25-26

\textsuperscript{869} AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964,  62

\textsuperscript{7} Kim Il Sung went further on saying in his speech at the September Plenum: “Now we do not need the construction of a new metallurgy combine in our country’s heavy industry but putting in order and strengthening its foundation already built for its better utilization. If we continue to concentrate our efforts on the expansion of the basis of the heavy industry, it will not only be unable to facilitate the light industry and agriculture and support the improvement of people’s living standard, but it will also fail to further develop on sound foundation. In this case disproportions will occur in the socialist production….. Until now, the light industry and agriculture have not reached such a level of development to secure well-off life of the people. The modern light industry which is under central control is still far from meeting people’s demands. On the other hand the local industry does not produce high quality goods. Simply put it, it is obvious that our light industry has not surpassed the stage of craftsman’s production. Even from the view of the clothes of people gathered here is clear that the fabrics are not that good…. Even there are no glasses…. And in houses we cannot see a clothes-hanger, let alone a sofa and chairs.”

Ibid., 65
forecasted 11 percent, a sign of a further slow-down.\textsuperscript{870} Eight percent was not a bad result by
any means, but the failure to implement the plan and the slowing of the pace of development
compared to previous years had political bearing. Moreover, the South Korean economy was
showing signs of more robust growth (9.4 percent in 1963\textsuperscript{871}) after Park Chung Hee took power,
and the North Korean leadership could not fail to miss this fact. The rivalry with the South and
the “threat” to the DPRK from the ROK and its alliance with the United States (including the
American military presence) had an enormous impact on the North Korean elite’s thinking and
policy planning. The militarization of the country also was linked to this rivalry which was an
“existential” issue for the two Koreas. North Korean leadership projected its own thinking onto
the southern rival and since it was ready to take steps to unify the peninsula by force it perceived
a similar intention in South Korea. Economic development was one of the main “battlegrounds”
in the North-South confrontation because it was the basis for a strong military and evidence of
the “superiority” of the capitalist or communist systems on the Korean peninsula.

The KWP corrected the economic targets for the Seven Year Plan because it was very
important politically to fulfill plans. The September Plenum in 1963 decided not to further
expand heavy industry. In addition to the steel target reduction, the annual coal output target was
reduced by 2-3 million tons (the original plan was 23-25 million). Kim Il Sung also said that an
annual output of five million tons of grain was sufficient. The previous target had been set at 6-7

\textsuperscript{870} The official statistics in 1963, for instance, showed iron ore output of 3.8 million tons (vs. 3.3 million in 1962),
but it was very unlikely increase, according to the foreign observers. The plan of 1.2 million tons of steel for 1962
was not reached even in 1963. Also, the coal output reached 14 millions in 1963, instead of the planned 15 million
tons. 3,030 tractors (15 hp) were produced in 1963 (same quantity as 1962), as the Seven Year Plan called for annual
production target of 17,000 tractors in 1967.
Ibid., 66-71, 75

\textsuperscript{871} According to Eui-Gak Hwang, North Korean economy grew by 9.4 percent in 1963, 1.4 percent higher that the
cited assessment. The trend was clear, however – the northern economy was slowing, while the southern economy
was accelerating growth pace. In 1962, South Korea recorded economic growth of 2.2 percent.
million tons.\textsuperscript{872}

The case of machine tools is worth mentioning, because it represents one of the most ambitious plans in North Korea’s self-sufficiency planning. It was one of the areas where discrepancies between plan and reality were most striking. The production of machine tools in 1963 was reduced to 3,327 from 3,360 in 1962. Let us recall that the slogan in 1961 was “each lathe to produce at least one lathe each year” (it first appeared in 1959). The target for 1967 was the production of 7500 machine tools. The North Korean government hoped to export machine tools, but this was very difficult due to their limited selection and poor quality. In addition, the quality problems with the machines (usually copycats of imported machines) undermined plans for equipping factories, which caused further delays and low utilization. A considerable number of machines could not be used. For example, in 1963, there was a campaign to start using 1,800 non-operational machines in the Pyongyang area.\textsuperscript{873}

Another problem was the lack of specialists, particularly in designing machines. The investment of the limited human and material resources on various projects (to insure self-sufficiency) produced a small number of poor quality machines, which hindered industrial development.\textsuperscript{874} Self-sufficiency was a very costly policy. In practice it meant that North Korea had to design and manufacture equipment and machines in small numbers, which generated enormous waste. Quality and design problems meant a large a number of domestically produced machines could not be used.

\textsuperscript{872} The official statistics in 1963, for instance, showed iron ore output of 3.8 million tons (vs. 3.3 million in 1962), but it was very unlikely increase, according to the foreign observers. The plan of 1.2 million tons of steel for 1962 was not reached even in 1963. Also, the coal output reached 14 millions in 1963, instead of the planned 15 million tons. 3,030 tractors (15 hp) were produced in 1963 (same quantity as 1962), as the Seven Year Plan called for annual production target of 17,000 tractors in 1967.
AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964, 66-71, 75
\textsuperscript{873} Ibid., 74-75
AMFABG, Opis 21, delo 121, 1503, Report from the Bulgarian embassy in the DPRK: Political and cultural development of the DPRK in 1964, Charge d’affaires Luben Pavlov, Pyongyang, January 11, 1965, 14
Light industry – the focus of the first phase of the Seven Year Plan – also had problems meeting targets. The production of textiles even dropped in 1963 – to 227 million meters (from 250 million meters in 1962), while the plan was for 300 million. The main problems were low technology levels, particularly in local industry, and the lack of raw materials (for example, wool and cotton which were import items). Kim Il Sung acknowledged these problems at a meeting in Ch’ongsŏng county (North Hamgyŏng) in August 1962. One of the tools to promote the development of light industry during the Seven Year Plan was the formation of teams (brigades) for home craftsman’s production, for they required less capital investment than the large manufacturing facilities. The plan also relied on the output of local factories.\textsuperscript{875}

The food supply was another priority in the Seven Year Plan, as the KWP strove to achieve self-reliance. However, basic sectors like fishing, which provided one of the staples in the Korean cuisine, did not fare well. The output in 1963 was 640,000 tons of fish. This contrasted with the target of 830,000 tons (the annual target for 1967 was 1-1.2 million tons). The equipment of the fleet did not allow long-distance fishing and allowed for only limited operations in poor weather conditions. Agriculture remained largely labour intensive, as manual labour in basic sectors like rice cultivation remained central (the harvest continued throughout the winter). The fragmentation of the additional individual plots on hillsides (each in size of 200-300 sq.m.) also prevented mechanization of the cultivation process. In 1963, 400,000 students and soldiers were mobilized to help the farmers. At least 200,000 people were dispatched to cooperatives on a regular basis. As mentioned, most likely the announced grain output of 5 million tons was not reached in 1963, not least because the rice output, which had the bulk share

\textsuperscript{875} To solve the material deficiency for the local textile industry it was recommended even to cultivate cotton in the personal small yards of the villagers before the hillsides were prepared for cultivation, which was manual and therefore needed more time. The goal was to provide 50-60 percent of the needs for the local industry from the localities themselves.

AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964, 78-79
of grain category, fell short of the planned 2.5 million tons. Moreover, we can observe a decline in grain output per capita, despite the increase of output in absolute terms. For example, in 1960, North Korea produced 360 kg of grain per capita, while in 1966 – 310 kg.

The conditions in North Korea were not suitable for quick expansion of stockbreeding due to limited arable land to produce fodder. This situation compounded the food supply system and further undermined efforts for securing food self-sufficiency. The plan for 1964 called for production of 100,000 tons of meat, though the media announced an even more ambitious plan for 130,000 tons. There was an effort to increase fodder produce by cultivating additional crops (sowing corn, barely, oats, and millet) on state and cooperative farms. Kim Il Sung called for the division of state farms into crop-raising and stockbreeding types and creation of stockbreeding brigades at cooperative farms. Furthermore, cooperative members were urged to raise pigs, rabbits and birds, so that in 1964 a household could produce 100 kg of meat. For that purpose, such farmers were provided with fields (20 ares) for growing fodder. The media even started to use terms such as “entrepreneurial norms” to raise the material interest among farmers in stockbreeding. This flexibility in economic policy was forced upon the leadership as the rigid state-owned and planned economy was reaching its limits in improving the food supply. It is difficult to confirm the results of this campaign, as there were scarce official data on economic performance in the DPRK. The party secretary of the city committee of Pyongyang

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876 The share of rice was estimated at 52 percent of the grain output in 1963 which was 5 million tons, meaning that the rice output was more than 2.5 million tons. The official information for the average rice output per hectare (chongbo) was 3.9 tons for irrigated land and 2-2.5 tons for non-irrigated. Given that the irrigated land was 640,000 hectares and the non-irrigated land – 150,000 hectares, one can calculate that the rice output did not exceed 2.4 million tons. Moreover after peeling the rice which is about 20 percent reduction, the actual output was probably less than 2 million (opposed of plan for at least 2.5 million tons).

877 AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 5

878 AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964, 85
acknowledged to a Bulgarian diplomat that the level of production in 1963 was under 100,000 tons of meat and it was uncertain if the target was reached in 1964. As late as 1967-1968, meat production was between 100,000 and 120,000 tons, or 7-8 kg output per capita.

The problems in fulfilling the Seven Year Plan made the authorities more secretive in releasing economic data. For 1964 they announced that the industrial output plan was fulfilled by 101 percent (100 percent for the centrally controlled industries and 106 percent for the local industries), which made a 17 percent increase compared with 1963 (the forecast was for 21 percent). Also, energy output increased by 627 million kWh. There was some information about the production successes of some factories, but no data was available for many sectors of the economy. Toward the middle of 1964 the government announced fulfillment of the plan for the first six months, but acknowledged that major sectors (energy, fuel, ore mining, metallurgy, chemicals, machine building, and light industry, among others) failed to meet their targets.

According to unofficial information (gathered by foreign embassies in Pyongyang), the 1964 plan was fulfilled in only one major production category – cast iron (105.5 percent). All other sectors recorded fulfillment between 75 percent (tractors) and 97.4 percent (energy). Besides tractors, the items which fared least well were trucks (77.5 percent); calcium carbonate; paper, and soy sauce (per 80 percent); fish products (82.6 percent); etc. Nonetheless, most of

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879 Ibid., 84-85
880 AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 5
881 The 17-percent growth was deemed unrealistic by the Bulgarian embassy, but even if true there was contradiction with announced figure of 101-percent fulfillment of the plan (the target was 21 percent). AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: Fulfillment of the plan of the DPRK in 1964, Trade attaché Ljudmil Kunchev, Pyongyang, January 14, 1965, 13-14
882 The fulfillment of the plan in 1964 per sectors, based on unofficial data, was as follows: energy – 97.4 percent (12.39 billion kWh); coal – 90.7 percent (14.5 million t.); iron ore – 95 percent (3.8 million t.); cast iron – 105.5 percent (1.339 million t.); steel – 97 percent (1.132 million t.); sheet iron – 95.4 percent (0.77 million t.); lathes – 93.7 percent (3000 units); tractors, 15 hp – 75 percent (3170 units); trucks – 77.5 percent (3100 units); mineral fertilizers – 94.8 percent (0.9 million t.); calcium carbonate – 80 percent (0.2 million t.); cement – 93.9 percent (2.61 million t.); timber – 87.4 percent (4.05 million sq.m.); paper – 80 percent (80,000 sq.m.); synthetic fibers – 89.2 percent (33 million meters); rubber shoes – 89.2 percent (33 million pcs.); soy sauce – 80 percent; fish products –
the products recorded gains in 1964 compared with 1963. For example, energy output rose by five percent, steel – by 9.7 percent. On the other hand, the output of iron ore, lathes, and trucks declined in 1964.\textsuperscript{883} The following year was also difficult, as one estimate put industrial production at 85 percent of the 1964 level. Economic growth in 1965 was 6-7 percent instead of the announced level of 14 percent.\textsuperscript{884} The grain output even decreased from 4.3 million tons in 1964 to 4.1 million tons in 1965 (it was flat in 1966 and 1967 at 4 – 4.2 million tons). Meat production also decreased.\textsuperscript{885}

The official statistics pointed to a 3.2-time increase in the GNP of North Korea during the Seven Year Plan; industrial production achieved an 18 percent annual increase in output.\textsuperscript{886} Energy output increased 1.8 times during the seven years. During the same period there were one hundred completely equipped plants, including power plants.\textsuperscript{887} In longer term perspective, the North Korean economy achieved remarkable growth, based on reconstruction and industrialization. Machine building increased 100 times from 1948 to 1967; its share in industry increased from 1.6 percent in 1945 to 31.4 in 1967. In turn, industrial output in 1956 accounted for 34 percent of total production, while in 1969 the figure was 74 percent. Industry accounted for 25 percent of GNP in 1956 and 65 percent in 1969.\textsuperscript{888} North Korea made a transition from an agricultural to an industrializing society, which had far-reaching social consequences. The agricultural sector represented 53 percent of the economy in 1949 and diminished to 29 percent

\textsuperscript{82.6 percent; vegetable oil – 89.1 percent.  
Ibid., 16  
\textsuperscript{883} Ibid.  
\textsuperscript{884} Assessment of Romanian trade delegation which visited North Korea in 1965 AMFABG, Opis 22, delo 91, 1582, Memos from the Bulgarian embassy in the DPRK, Meeting with East German and Romanian diplomats, Pyongyang, 1966, 11  
\textsuperscript{885} PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of the DPRK until 1967, Pyongyang, September 2, 1968, 31  
\textsuperscript{886} Ibid.  
\textsuperscript{887} PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Visit of the Economic Institute at the Academy of Sciences of the DPRK, March 16, 1971, 186-189  
\textsuperscript{888} Ibid.}
in 1960 and 26 percent in 1969. The biggest transformation in the economy occurred in the
1950s. In the 1960s, the North Korean leadership tried to pursue a more balanced development
strategy.

However, the Seven Year Plan was fulfilled in general terms by 1970 – a delay of three
years. Annual energy output was 13.5 billion in 1967 and the target of 17 billion kWh was
almost met in 1970 (16.5 billion); the plan for 25 million tons of coal per year was fulfilled in
1969 (22 million tons in 1967); the plan for iron ore of 7.2 million tons was fulfilled in 1970,
while the output in 1967 was 5.7 million; etc. Some targets, such as iron, steel, rolled steel,
tractors, cement, grain, etc., were not met even within the ten-year period, 1961-1970. More
importantly, the North Korean economy could have performed better had it continued the same
intensity of economic cooperation with the Soviet camp which developed in the 1950s. The
limited inflow of capital and technologies hampered North Korea’s development. The military
expenses drained the limited domestic financial resources for industrial investments. The DPRK
spent 8 billion won on defence and invested 5 billion won in industries in the 1961-1969
period. At the same time, the southern economy started to outperform the northern economy,
which had lasting consequences for the rivalry between the two Koreas. The economic

889 PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea
before and after 1945, Pyongyang, May 1971, Appendix 3, 105
890 North Korea fulfilled the production plan of 10,000 trucks in 1970, as the production in 1967 was 5100 and in
1969 – between 7000 and 8000 units. The plan of 1.2 million tons of fish and other sea products was fulfilled in
1970; in 1969 the output was one million tons. Similarly, output target of fruits (500,000 tons) was met in 1970; in
1969 – 350,000 tons.
PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Meeting between trade representative
Boltz and the Soviet economic adviser Novikov, Pyongyang, May 4, 1970, 140-144
Also, PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Development of Industry and
Agriculture of the DPRK, Pyongyang, February 9, 1968, 28-31
891 The plans for iron (2.3 million t.), steel (2.3 million t.), and rolled steel (1.7 million t.) were not fulfilled by 1970.
The production of steel was 1.4 million tons in 1967. North Korea manufactured 9500 tractors in 1969, as the plan
was 17,000 (in 1966 – 3900 units). The production of cement reached 3.3 million tons in 1969 and the goal of 4.3
million tons was out of reach the following year (in 1967 – 3.1 million tons). Also, grain production in 1969 was 4.5
million tons (in 1967 – 4 million tons, including bean), as the plan called for output of 6.5 million tons.
Ibid.
892 PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Visit to the Economic Institute of the
Academy of Science of the DPRK, Pyongyang, March 16, 1971, 191
difficulties we refer to are linked to underperformance of North Korean economy in the 1960s on the terms it chose.

In comparative terms the economic performance of the DPRK was above the world average in 1970. For example, energy output per capita in 1970 stood at 1,184 kWh, compared to a world average of 1,124 kWh and 3,701 kWh in the GDR (1968). The output of stone coal was 1,975 kg per capita versus 561 kg for the world and 92 kg in the GDR. The production of steel was 158 kg, 152 kg, and 275 kg and cement – 287 kg, 141 kg, and 442 kg respectively.\(^{893}\) (We should bear in mind that the GDR and Czechoslovakia were the most industrialized countries in the socialist world.)

**Living standards**

Let us now briefly examine the living standard in North Korea in the 1960s. The average monthly salary (in big plants) in 1963 of a qualified worker was 40–45 won and that of engineer 55–60 won, with a possibility of 2–3 won bonuses. A worker’s pension was 15 won. In the country, particularly in local industry, the salary was under 30 won. Prices of staples were also low. For example, one kilogram of rice cost 0.02–0.03 won.\(^{894}\) The levels of income meant that a qualified worker’s salary could buy between 1,300 and 2,250 kg rice per month. Such a simple calculation could serve as a gauge for the purchasing power of an individual income. The

\(^{893}\) PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 3, 56
And PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea before and after 1945, Pyongyang, May 1971, Appendix 3, 105

\(^{894}\) AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Ljuben Stoichkov, Pyongyang, February 20, 1964, 86
The Seven Year Plan called for 8.3-percent annual increase of average salary. The actual increase in the first four year-period was as follows: in 1961 – 3 percent, 1962 – 1 percent, 1963 – 2 percent, 1964 – 2 percent. The average annual salary in 1960 was estimated at 40 won and in 1964 – 48.7 percent.
AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: Fulfillment of the plan of the DPRK in 1964, Trade attaché Ljudmil Kunchev, Pyongyang, January 14, 1965, 15
countryside salary (maximum 30 won) could purchase between 1,000 and 1,500 kg of rice.

However, this remains a theoretical measure, since basic products, such as rice, soy, textile, coal for heating, etc., were under a strict distribution system through coupons. One employee received between 200 and 600 grams of rice per day, depending on his/her job and status. Besides, the goods for sale were relatively expensive, as one suit would cost 60-70 won; one meter of artificial fabric cost 4-5 won; a plate was 2-3 won; etc. Moreover, coupons more often than not failed to cover the promised quantity. For example, the available rice in 1963 covered only half of the quantity linked to the distributed coupons. The shortage forced authorities to substitute other products for rice. There was also a shortage of meat, eggs, vegetables, sugar, milk, and other foodstuffs. The construction of new homes, particularly in villages, was falling behind. In general, the village population lived in poor conditions in the early 1960s.895

As of 1968, the average monthly salary was between 30 and 60 won. Qualified workers received 50-70 won, engineers and technicians – 60 won, factory directors – between 90 and 130 won on average. One village household earned 55-60 won per month.896 The salary levels still had relative meaning, because most of the basic food and clothing were supplied through the central distribution system at low prices, meaning the prices of goods were heavily subsidized.

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895 The average household had few enameled pots or some porcelain pots, which were used for both eating and washing.

AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Ljuben Stoichkov, Pyongyang, February 20, 1964, 87-88

896 The monthly salary level in 1967 was as follows: common workers – 20-40 won; light industry workers – 40 won; average level of industry workers – 50 won; industry qualified workers – 50-60 won; technical staff – 50 won; engineers and technicians – 60 won; metallurgy and machine building workers – 60 won; miners – 70 won; construction workers – 70-80 won; teachers, physicians, artists and state employees – 60-90 won; chief engineers – 80-110, fishermen – 60-120 won; factory directors – 90-130 won; ministers – up to 200 won; student stipends – 15-30 won.

AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 6-7

Also, AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 171
The price of one kilogram of rice in the distribution system (for employees and workers) was 0.05-0.09 won, while the state purchasing price was much higher – 0.42 won (not peeled) and 0.63 won (peeled). Prices were designed to stimulate rice farming. Thus a qualified worker theoretically could purchase between 555 and 1,200 kg of rice in 1968 (based on the subsidized prices in the ration system) – a decline of purchasing power compared to 1963 (1,300-2,225 kg). Outside the secured, albeit not always backed by actual supply, basket of goods on coupons, the purchasing power of salaries dramatically changed. For example, a hen at market price cost 12-15 won, an egg – 0.4 won, a rabbit – 6-7 won, a dog (part of the Korean cuisine, considered a delicacy) – 40-100 won. If we convert these products into salaries, a qualified worker could buy 6-7 hens per month.

The clothing of people was humble, in large part rationed and subsidized. Minimum amounts of clothing was distributed according to job category and people paid only for the sewing of clothes. Children’s clothes were also distributed almost free, depending on the number of kids in the household. Textiles were sold in the stores, but they were expensive. In the 1960s, there were improvements in the quality of housing, education and medical care. The government provided farmers with free housing by constructing 197,000 new homes in villages in the period 1965-1969, thus trying to ensure dominance of “national” over cooperative and individual ownership. The cost of renting in cities was low – an average 2-3 won per month. Heating material was also provided cheaply. The government introduced compulsory nine-year education

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897 Daily allowances of rice were as follows: for hard labor professions like metallurgy workers, miners, etc, and party functionaries – 800 g.-1 kg.; engineers, workers, and clerks – 600-800 g.; students – 400-500 g.; women, pensioners, handicapped, and pre-school children – 300 g. The grain was distributed twice a month and the ratio between rice and other grain (corn, corn powder, barley powder, wheat) was 40:60 and in Pyongyang – 60:40, meaning that the rice had bigger portion in the grain rations in the capital than in the countryside.

AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 3-5

898 Ibid.
in 1967. The majority of children attended nursery schools which had affordable fees. 899

In general, there was an improvement in the availability of food and other mass consumption products in the second half of the 1960s. Despite the drop of grain output per capita and the flat trend in meat production, other basic food products, such as milk, eggs, fish, etc., recorded gains. The supply of textiles and shoes also improved. 900 In the 1960-1966 period, the population grew from 10.79 million to 12.4 million people – another indication of stabilization of economic and social conditions in the country. In a gesture of improving living standard, the authorities provided one extra monthly salary (called “13th salary”) and reduced some retail goods’ prices (sugar, shoes, children’s’ clothing, canteen’s meals) in 1968. 901 Official governmental information pointed to six price reductions from 1960 to 1967, something which is difficult to verify independently. 902

The DPRK also set up a universal insurance system. Workers and clerks were obligated to sign insurance contracts with government for either one or five years, for 100 and 500 won respectively. The money was given back after the insured period ended. Farmers and workers had between 14 and 28 days of paid annual vacation (something that their South Korean brethren cannot afford even to date). There were 265 holiday homes in 1958 and 496 in 1963, where workers could rest usually for free; the government even covered travel expenses. There were also daily and evening sanatoriums to rest for several days; the evening sanitariums were for

899 AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 187

900 AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 5

901 AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 188

902 AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13, 1968, 10
cases when employees had to work during the day at the same time. Medical care was free, including hospitalization and drugs (non-prescription drugs were sold at the drug stores at low prices). Sick people received between 60 and 100 percent of their salary during periods of illness. Pregnant women received full salary and 77 days vacation. Pensions (after 60 years for men and 55 years for women) were calculated on the basis of 50 percent of wages of the last working month; 80 percent was secured for the handicapped. Guerrillas, other fighters in the anti-Japanese struggle, and heroes of the DPRK were awarded personal pensions, undoubtedly higher than the average; the families of recipients of these awards continued to receive their pensions after their death. It was officially reported in 1967 that life expectancy increased by 20 years compared to the pre-Liberation period, but no specific number was provided (it was a state secret).  

Most of the social services in North Korea were identical or similar to the social system in the Soviet system and Eastern Europe. And this is the area where North Korea resembled other socialist countries to a great extent, despite the variations in ideology and degrees of openness of the system. North Korea’s welfare system was modelled after the Soviet Union and other socialist countries. To that extent we can argue that the DPRK was integrated in the socialist system because it was (and still is) a socialist country. We have found a number of divergences between North Korea and other socialist countries, but they do not override the common genesis and character of the socialist system.

The DPRK developed its social system and made efforts to improve living standards, but lagged behind in terms of living standards when compared with other European socialist countries. Of course, we have to take into account the different starting point of development and the destruction of the Korean War. But comparing North and South Korean economic

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903 Ibid., 8-9
growth figures in the 1950s and the 1960s, the North Koreans were not doing as well in terms of living standards as they should have been, based on growth rate figures. The relatively developed light industry and agriculture in the South translated faster into improvements in living standards, compared to the North. Despite the poverty in the South, compared with South Koreans (those who had a job), North Koreans were poorly dressed, for instance, according to observers. No doubt, North Korea outpaced its southern rival in terms of development and access to basic social services and security. The food in the North was more equally distributed, but the resources allowed only a minimum supply, which hovered around the subsistence level. As discussed earlier, one important reason for the disparity between economic output and living standards in North Korea was the diversion of huge resources to the military and heavy industry.

In 1968, the North Korean government boasted 100 percent electrification of cities and villages and 91.2 percent electrification of all households, but the general population was forbidden to use electric appliances, and could only use 25-watt bulbs. Other data points to the fact that as of 1969, 98.2 percent of villages and 86.1 percent of cooperatives were electrified, although this accounted for only a small portion of the national energy output (in 1966, 700,000 kWh was for agriculture of total 13.3 billion; in 1970 – 1 billion of 16.5 billion total). All radio receivers were sealed (including in hotels) and only radio “Pyongyang” could be received (a cable radio system was used all over the country which ensured both easy access and control). Furthermore, despite price reductions and the expansion of retail trade, consumer goods, if available, were difficult to afford outside the coupon system. For instance, as of 1967 there was

904 Ibid., 7
See also AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 188
PA MFAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 3, 57
no retail trade of meat in the countryside. Inside the rationing system, there was a deficit of basic products. There were also reports that working hours often exceeded the officially claimed eight-hour working day, reaching 12 hours. There was often only one holiday per month. The conditions in plants were difficult. An East German source reported that conditions were particularly harsh in the winter of 1965-1966 when temperatures were between 0°C and 5°C in the factories and the distribution of heating coal to the households was half the quota of 200 kg per month. When we add numerous labour campaigns involving free labour, the discrepancy between the work and compensation could be larger. The authorities treated labour laws as a mere formality and frequent mass campaigns made labour conditions (particularly working hours) arbitrary and unpredictable. This was another paradox in North Korea – a high degree of

905 The retail trade increased in the first half of the 1960s as follows: in 1961 (vs. 1960) – 12 percent, 1962 – 13 percent, 1963 – 3 percent, 1964 – 14 percent. The share of state-owned stores in retail trade in 1960 was 78.8 percent, cooperative – 24.4 percent, and village market – 0.8 percent. Although there was lack of data afterwards, it was reported from the Bulgarian embassy that the share of the village markets (free sale of individual farming) increased in the 1960s.

These were the retail prices of some consumer goods as of 1967:

**Food:**
- canned pork (350 g.) – 2.20 won, 550 g. can – 3.40 and 4.57 won; canned beef (350 g.) – 2.20 won; canned fish (350 g.) – 0.60 -1.60 won; canned fruits (550 g.) – 1.20-1.80 won; marmalade (200 g.) – 2.85 won; honey (125 g.) – 11 won; pickles (350 g.) – 0.32 won; soy sauce (0.5 l.) – 0.50 won; vegetable oil (0.3 l.) – 0.85 won; lemonade (0.5 l.) – 0.45 won; beer (0.5 l.) – 0.65-1.70 won; biscuits (1 kg.) – 3 won; sweets (1 kg.) – 3.20-4 won; onion (1 kg.) – 0.55 won; red pepper (1 kg.) – 9 won; apples (1 kg.) – 1.10 won; potatoes (1 kg.) – 0.30 won; sweet potatoes (1 kg.) – 0.40 won; carrots (1 kg.) – 0.45 won; spinach (1 kg.) – 0.35 won; Clothing: male coat – 189 won; female coat – 148 won; male woolen suit – 249 won, cotton suit – 82 won; woolen trousers – 104 won; female dress (cotton gown) – 20 won, traditional dress – 18 won; female traditional dress (silk, flannelette) – 120 won; female suit (artificial fabric) – 40 won; male jersey – 4.80 won; male jersey (for winter) – 11 won; cotton textile (1 m.) – 2-3.70 won; artificial silk (1 m.) – 4.70-6 won; woolen textile for suit (1 m.) – 95 won; towel – 4.50 won; children’s cotton suit – 16 won; children’s semi-woolen suit – 39 won; children’s nylon socks – 3.50 won; male woolen shawl – 12 won; cotton gloves – 2 won; semi-woolen gloves – 7 won; Shoes: shoes with rubber sole – 23 won; sandals from swine skin and rubber sole – 19 won; children’s sandals from swine skin and rubber sole – 4.50-5 won; male sneakers – 12 won; female sneakers – 6.50-8.50 won; children’s slippers – 2.50 won; traditional rubber shoes – 3.30-4.20 won; Others: long wave radio receiver – 240 won; short and middle wave radio – 400 won; bicycle – 196 won; children’s bicycle – 32 won; male wrist watch – 220 won; alarm clock – 22 won; wall clock – 32-70 won; 25-watt bulb – 0.50 won; 40-watt bulb – 0.80 won; night lamp – 3.20 won; washing soup (200 g.) – 1.10 won; toilet soup – 0.70-2.40 won; female comb – 1.20 won; toothbrush – 1.40 won; clothes brush – 3 won; safety razor – 8 won; shaving paste – 2.40 won; scissors – 6 won; belt – 2.10 won; purse – 25 won; suitcase – 50-70 won; gramophone record – 2-4.90 won; soccer ball – 6.50 won; water-colors – 1.30-1.80 won; notebook (40 pages) – 0.25 won; accordion (big size) – 968 won

AMFAGB, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: On some issues of the living standard and domestic trade in the DPRK, Georgy Mitov, Pyongyang, July 13 1968 , 3, 10-23

AMFAGB, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 186

PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Pyongyang, January 28 1965, 18
labour exploitation in a system which claimed to represent the proletarian class.

Reform attempts

There are various reasons for the economic distortions of the 1960s. A pivotal systemic reason stemmed from the character of the command economy of the DPRK. But the DPRK economy was not simply a state-owned and controlled economy. The North Korean economic model contained all the major deficiencies of socialist economic development, pushed to an extreme. Even looked through the lenses of socialist standards of Eastern Europe, the North Korean economic system defied economic logic. A Bulgarian diplomat in Pyongyang criticized North Korean economic management, pointing out that “market categories,” such as cost, price, efficiency, account, etc., were barely existent. Despite some attempts to reinvigorate the economy, the regime ignored financial incentives for labour. As mentioned earlier, the North Korean government showed some flexibility in managing agriculture and local light industry in terms of providing economic impetus for better results. In 1969, Kim Il Sung signalled a timid shift in economic policy. Here are some of the main points in Kim’s new approach:

“Even though state enterprises are state property, they have relative autonomy in using the means of production and management as if they are enterprises with different property… The law of cost is most of all the right determination of product’s price… The price must be based foremost on calculation of labor used for the product. If the determination of price does not take into account labor it will be impossible to maintain a balance between prices and to manage properly socialist distribution, which could negatively influence the development of production…. It is good in general if the progressive socialist system gets rid of the village market which is a backward form of trade. But as long as in socialism there are cooperative farms and produce from additional individual farms, the village market is unavoidable and not a bad thing.”

908 AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 178

909 Kim Il Sung’s article “On Some Theoretical Issues of the Socialist Economy” was published on 4 March 1969 in Rodong Sinmun; AMFABG, Opis 20p, delo 17, 294, Report from the Bulgarian embassy in the DPRK, Kim Il Sung’s Answers on Some Theoretical Problems of Socialist Economy, First secretary Apostol Apostolov, Pyongyang, March 25, 1969, 4-6, 32
Kim Il Sung tried to steer the management of the economy toward more rational and efficient methods, but “revolutionary enthusiasm of the people” remained the decisive factor for development projects. This revolutionary enthusiasm was not counter-productive by definition, but it underscored the supremacy of ideology and politics over economic factors and rationale in managing the economy. Revolutionary methods can bear results in the short term in mobilizing efforts and resources and it worked in the 1940s and in the postwar reconstruction period in the 1950s. However, in the longer run they undermined economic development – or more accurately they could not be sustained as a foundation of economic development – and over longer period their efficiency diminished.

There was linkage between the DPRK’s attempts to reform its economic system and developments in Eastern Europe. The East European countries undertook economic reforms in the second half of the 1960s. The problems linked to implementing multiple year economic plans in Bulgaria forced re-adjustment in the economic system. In 1965, the Bulgarian government designed a “new system for planning and management,” which paid more attention to market (material) stimuli, accounting, (state) companies’ self-support, and linkages between labour and economic rewards. The factories had more freedom to purchase, sell, and rent under condition that the revenue would be used for investment in production and not for consumption. The first results after the introduction of the new system in some industries were encouraging (increase of productivity and improvement of financial results) and the application of the new method spread to two-thirds of state enterprises in 1967. But the Prague Spring in 1968 put these reforms on hold. The difference between Czechoslovakia and other East European counties was that the Czechoslovak government introduced political liberalization along with the economic reforms. The liberalization was viewed as a threat to socialism by Brezhnev and the conservative
regimes of Walter Ulbricht (the GDR) and Vladislav Gomulka (Poland). Bulgarian leader Todor Zhivkov also criticized the Prague Spring out of fear of losing his country’s “privileged” position as the “most trusted” Soviet ally.\textsuperscript{910}

The North Korean regime also tried to reform its economic system, but politics took priority over economic logic. The politicization of the economy hindered reform efforts. The supremacy of politics was secured through ideology and the consolidation of the system. The expansion of political work and “massive heroism” campaigns aimed to accelerate economic growth and balance the economy.\textsuperscript{911} One indication of politicization of all spheres of society and the extent of party control over the economy was the massive size of party membership. In 1970, the KWP had 1.7 million members (an increase by 400,000 compared to 1961),\textsuperscript{912} which made up around 12 percent of North Korea’s population. There was virtually no sphere in public life outside the authority of Party. When we add a million-strong KPA (or seven percent of the population), we observe a highly militarized and politically controlled state which had no precedent in the socialist world.

The ‘Taean’ system in industry made the factory party secretary the top manager while the director of the factory was put second in command under him and was in charge mostly of supplies. The party committee (the director was a member too) managed virtually everything in the factory, including human resources. The manager (director) became vice-chairman of the

\textsuperscript{910} Vladislav Gomulka warned that the Czechs promoted “reformation of socialism; they talk about ‘new model of socialism,’ for ‘democratic socialism.’ It is clear, however, that this slogan run counter to all other socialist countries. In other words, [they say] we in Czechoslovakia want to build democratic socialism and everywhere else it is dictatorial and totalitarian socialism.”
Kalinova and Baeva, 152-153
\textsuperscript{911} Kim Yŏn-ch’ŏl, 311-314
\textsuperscript{912} For comparison, in 1946 there were 366,000 party members (labor 73,000 or 19.9 percent, peasants 105,000 – 28.6 percent); in 1948: 700,000 members (labor 266,680 – 22.6 percent, peasants 374,000 – 53.4 percent); in 1956: 1,164,695 members (labor 22.6 percent, peasants 898,015 – 46.8 percent); in 1961: 1,311,563 members (labor 354,000 30 percent).
PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Economic Development of North Korea, Pyongyang, March 1972, Appendix 7: Party Membership, 70
party committee while the chief engineer and the assistant managers became committee members. There was a staff structure under the chief engineer which encompassed planning, production, engineering, and repair departments. Hence the director, chief engineer and assistant managers managed the factory through the party committee. The supply system was centralized, as each ministry had a supply arm responsible for distribution of materials to the factories. (These state arms operated wheelhouses in every factory and were connected with the factory supply departments.) However, the propaganda associated with the Taean system became less prominent as economic difficulties mounted in 1965.913

Economic growth was sustained by continued capital investment. However, the economic system was also labour extensive and dependent on a continued supply of “free” labour, including the state’s mobilization of soldiers and students for farming and other activities. Another key component of economic policy was mass mobilization campaigns (for example Ch’ŏllima) which masked labour and technology deficiencies. Thus we arrive at an evolving mix of Stalinist top-down political control and Maoist mass mobilization policies, which emerged in the 1950s. This reflected complex influences from the socialist big powers in conjunction with North Korea’s own political priorities. One divergence from China in the second half of the 1960s was that North Korea kept some material incentives that were condemned during Mao’s Cultural Revolution.

The North Korean government tried to solve the problems linked to the planned economy through introduction of more unified planning, which largely meant stricter central control. The unified planning system gave rise to “plan bargaining” between the higher and lower echelons of the administration, while on the factory level there was a tendency of hoarding

913 AMFABG, Opis 19p, delo 39, 726, Memo from the Bulgarian embassy in the DPRK, Visit of Taean Plant, Pyongyang, February 4, 1966, 6-7
of materials. This trend contributed to further imbalances in the economy. At the managerial level, there was a movement away from “scientific management” and economic calculations toward a politics-first approach. The plan’s failure and politicized bureaucracy led to a system of patron-client relations between the leader (manager) and people (staff). Bargaining took shape through the different echelons of the bureaucratic hierarchical system (modification of output targets, for instance). The management system was personalized and was prone to clientelism. Despite the intrusive state apparatus, the system left room for some degree of informal participation.

There were some specific supply side problems hindering the North Korean economy, such as insufficient labour and material resources. Labour shortages were a persistent problem. This was true for the 1950s as a result of the tremendous loss of manpower during the Korean War, but it was also true for the 1960s. The generation born during the war was conscripted into the military in late 1960s and the army had to prolong the length of military service in order to meet the projected size of the armed forces. This in turn undermined the supply of fresh labour for the economy. The labour problem was compounded by the relatively low level of mechanization of agriculture which absorbed considerable labour.

Despite the considerable increases of energy output, the power supply did not match the rising demands of the industries. For example, industrial growth in 1968 was 15 percent, while

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914 Kim Yŏn-ch’ŏl, 311
915 Ibid., 317-320
916 Jean Oi offers interesting analysis of clientilism in Chinese villages which might be applicable for North Korea because it was common socialist phenomenon. She remarks that state’s bureaucratic “penetration became characterized by personalized authority exercised in a clientelist fashion, leaving the door for peasant participation through the use of personal networks and evasion.” Jean C. Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government*. Berkeley, Los Angelis, London: University of California Press, 1989, 227
917 As of 1969, for 100 hectares arable land there was average 1.22 tractors or 18 hp. By comparison in Bulgaria on the same land there was total 122 hp of tractor power, or seven times bigger than in North Korea. AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 179
energy output increased by 7.2 percent. To resolve the energy deficiency, with the help of the Soviet Union and China the North Korean government started the construction of three big thermo energy plants totalling 1.15 billion kW. Another problem was the insufficient quantity of heating coke, which was widely used in the key metallurgy industry. The DPRK imported around 2 million tons of coke coal annually from China, but during the Cultural Revolution and the deterioration in Sino-North Korean relations in the second half of the 1960s, imports from China were cut in half. The Soviet Union stepped in to fill the gap by supplying one million tons of additional quantities, and agreeing by to sell below cost.\textsuperscript{918} China cut back its trade with North Korea in 1968, and this caused problems in North Korean economy, particularly in the important metallurgy industry.\textsuperscript{919}

In other words, problems in relations with socialist countries in the 1960s caused imbalances and deficits in the North Korean economy. Cooperation with socialist world gained momentum in the 1950s, but political disruptions in the 1960s hindered North Korea’s economic development. Transport infrastructure was another problem for North Korean development. Rail wagons and ships were in short supply and the rail network capacity was limited, particularly at the Soviet-North Korean border, where the bulk of the Soviet cargo was transported to the DPRK. The roads were insufficient and generally in a poor state.\textsuperscript{920}

Military expenditures absorbed enormous resources and squeezed the economy. In 1968, military expenses were 32.4 percent of the national budget – a 30 percent increase from the

\textsuperscript{918} The transportation cost alone from Kuznetzk coal basin to the DPRK was 23 rubles per ton and the Soviet Union sold the coke coal for 17.5 rubles per ton, as the North Koreans asked for price of 16 rubles; the Chinese supplied the coal for 12 rubles per ton. 
\textsuperscript{Ibid., 180}

\textsuperscript{919} China failed to supply enough oil products, sulphur, tungsten ore, coke and particularly coke coal. 
\textsuperscript{AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The work of the Bulgarian trade office in the DPRK in 1968, trade attaché Slavcho Yosifov, Pyongyang, January 24, 1969, 28}

\textsuperscript{920} AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 180
previous year. Military expenses maintained around a one-third share of the budget throughout the 1960s. North Korea felt compelled to keep up with the combined ROK-US military budget in the south. But the military preparedness also had offensive purposes based on North Korea’s militant policy at the time. The “military line” of the KWP was “to modernize the army, make the whole country a fortress, and arm the entire population.” A “cadre army” meant the training of every officer so that he could also take command of a higher rank position. The regular army service lasted three years with a possibility to extend the term to five years, something which was commonplace. The army reached one million servicemen and contained a similar number in reserve (in a population of 14 million). The rest of the population was organized in Red Workers and Farmers Volunteer Forces which conducted regular drills. North Korean officials acknowledged that North Korea had the largest military expenditure per capita in the world. 921 According to a North Korean estimate, the investment in industry for the period 1961-1969 was five billion won, while the expenditure on military reached eight billion won. 922

All these factors played a role in generating economic problems. Besides systemic deficiencies related to the state-owned planned economy, another key factor in the country’s economic performance was the relative isolationism which evolved as state policy in the 1960s. The ascendance of Chuch’e ideology coincided with the emergence of economic problems, although the highly centralized system of mobilization and distribution provided some opportunities for growth for some time. The self-reliance policy was an important part of North Korea’s power structure and contributed to building cohesiveness in the system by establishing the political legitimacy of the elite centered around Kim Il Sung and the guerrilla group. The Chuch’e ideology was the foundation of “socialist nationalism” in North Korea. However, the

921 Ibid., 181-182
922 PA MfAA, C316/78, Report from the embassy of the GDR in the DPRK, Visit of the Economic Institute at the Academy of Sciences of the DPRK, Pyongyang, March 16, 1971
self-reliance policy had a significant impact on economic development. The Chuch’e economic praxis meant state production of the full range of consumer and durable goods no matter the cost, thus creating big inefficiencies in the economic system. It was not by chance that the official policy line called for simultaneous construction of the economy and military power of the regime; parallel development of industry and agriculture; parallel development of heavy industry and light industry; and simultaneous construction of big, medium size and small enterprises. Kim Il, the deputy premier, reported in November 1969 that North Korea supplied 98.1 percent of the machine equipment needed for its own economy. This was likely an inflated figure, but the thrust of this statement was clear – North Korea should be able to produce virtually everything in order to secure self-reliance.

The autarkic tendencies in socialist economies had different variations in different countries over different periods. In the socialist world, North Korea and Albania had the most isolationist bent in their policies. China matched them mostly during the Cultural Revolution. The 1960s marked the height of the isolationism of North Korea, but politics adopted in these years had far-reaching economic consequences for the regime’s economic performance over the longer run. North Korea’s internal policy was intertwined with foreign economic relations. The Chuch’e policy largely limited the regime’s access to capital and technology especially from the socialist world. One example of such limitations (aside from the huge military expenses) was the failure of the North Korean government to implement its capital investment plan. The Seven Year Plan called for an investment of seven billion won or one billion won per year construction of old and new factories. Until 1964, the government managed to invest a little over two billion

923 AMFABG, Opis 20.7, delo 17, 289, Report from the Bulgarian embassy in the DPRK: The situation in the DPRK, First secretary Apostol Apostolov, Pyongyang, November 15, 1969, 178, 180-181
won, or only half of the planned amount.\textsuperscript{924} It was not by chance that this occurred during
the worst period in the relationship between the DPRK and the Soviet camp.

**Economic (non)cooperation – the difficult road of self-reliance**

We continue our narrative with a discussion of the DPRK’s economic relations with the socialist countries. North Korea’s economic ties with the socialist world in the 1960s provide an excellent case study for understanding the limits of Chuch’ë ideology. The reduction of the DPRK’s foreign economic cooperation – partially intended by the North Korean government and partially a result of poor relations with the Soviet camp – revealed the boundaries of the Chuch’ë policy. The momentum of the 1950s carried North Korea’s economic development for some time, but the lack of capital and technologies from abroad put breaks on the economy by the mid-1960s. Still, the economic problems did not amount to a recession by modern standards but a considerable slow-down and increasing imbalances in the economy. Also, North Korea’s living standard showed little signs of improvement, and in some areas stagnated and even decreased (purchasing power, for example). One important reason why the economy continued to grow was that economic ties with the socialist world were not entirely cut off. Indeed, they showed more consistency in the area of trade. Moreover, one of the two major economic partners and benefactors of the DPRK – China – played a bridging role with the world for North Korea in the first half of the 1960s. The turnaround in North Korea’s economic prospects came when North Korea improved its relations with the Soviet Union and East European countries. These developments helped stabilize the domestic economy.

The rationale of self-sufficiency (the ideal version) required producing everything by

\textsuperscript{924} AMFABG, Opis 24, delo 60, 1763, Report from the Bulgarian embassy in the DPRK: Fulfillment of the plan of the DPRK in 1964, Trade attaché Ljudmil Kunchev, Pyongyang, January 14, 1965, 14
oneself in sufficient quantities. One consequence of attaining economic independence (self-sufficiency) would be the curtailment of economic exchanges with the outside world. As we shall observe, however, Chuch’e policy did not necessarily translate into economic isolationism. North Korea’s contradictory economic policy also reflected its ambition to re-position itself in the socialist world by aiming at achieving the status of a developed nation in the international hierarchy. Thus we arrive at the paradox of Chuch’e ideology – it was self-sufficiency paradigm which did not reject economic relations. Chuch’e was a political reaction to dependency and had a strong isolationist bent but its economic rationale was more pragmatic, although the self-sufficiency policy had important limiting consequences in North Korea’s economic relations.

*Chuch’e at the helm*

The deterioration of Soviet-North Korean relations in the early 1960s had major impact on the economic development of North Korea. Pyongyang wanted more independence from Moscow as it steered its foreign policy toward Beijing. The consequences of a reduction in aid were anticipated by the North Korean leadership. In fact, the North Koreans believed that they could do without significant Soviet aid. They embraced the benefits of the economic aid from the Soviet Union and Eastern Europe, but they were concerned about its conditions and the consequences, namely further economic integration and political dependency on the Soviet bloc. However, they could not envision the full impact of limiting ties with their socialist brethren.

The ambiguity of North Korea’s position – economic assistance was “good” while dependency was “bad” – was reflected in Kim Il Sung’s criticism of revisionists (in the Soviet Union) who were blamed for the economic troubles in North Korea. Kim had some harsh words to say against socialist cooperation in a speech at the September 1963 Plenum of the KWP:
“The situation has changed since the revisionists came to power [in the Soviet Union and other East European countries]… In the past, we received help from the fraternal countries, but now the revisionists do not want to give us a penny of aid. They tell us: ‘give us cheap copper, ore, and concentrates,’ but they want to sell us machines at high prices, more expensive than the capitalists. This is not a socialist division of labor, but robbery (my italics)… The revisionists today, making compromises with American imperialists and crawling in front of them, are attempting to isolate us and even are exercising economic pressure… In general, we do not need COMECON and ‘help’ for which they are talking. What kind of COMECON do we need, so we can eat rice gruel with meat and build our homes with roof-tiles? For this we can produce cement on our own. If we want to eat rice gruel with meat we only need to increase the land with irrigated rice and produce pumps. That is why there is no other path but to build socialism with own forces and raise the living standard of the people!... Now the tasks are to increase the ore mining, the output of thermo energy, and transport. We need foreign currency. How to earn it? Due to the low quality of our production we cannot produce either machines or goods for mass consumption. Now we can export colour metals in big quantities. Therefore, we have to expand the mining industry.”

This quote reflects the contradictory character of North Korean economic relations with the Soviet camp. On the one hand, the DPRK felt the negative effects of the reduced fraternal aid (for which the other countries were entirely to be blamed for). On the other hand, the North Korean government needed foreign currency for capital goods, which meant promotion of export and trade. But trade was one of the important aspects of economic integration, which the North Koreans opposed. The DPRK did not want the kind of integration promoted by the Soviet Union, which North Korean officials believed meant more dependency. In other words, the North Korean leadership wanted to pursue Chuch’e policy, but at the same time, to obtain the benefits of close economic ties with other countries. Moreover, Chuch’e had an important internal function – it provided the “glue” of the North Korean political system. Nationalism was Kim’s ideology of power and Chuch’e became the shape of the North Korean evolving system. The

925 AMFABG, Opis 20a, delo 72, 1124, Report from the Bulgarian embassy in the DPRK: Economic development of the DPRK in 1963, Charge d’affaires Luben Stoichkov, Pyongyang, February 20, 1964, 66
Also, Report from the Bulgarian embassy in the DPRK: Political development of the DPRK in 1963, Charge d’affaires Krasimir Chakurov, Pyongyang, February 5, 1964, 8
“isolation” of the regime was a consequence of the *Chuch’e* line, although Kim blamed the outside “revisionists.”

It was clear that sooner or later a choice had to be made between *Chuch’e* and foreign aid. The North Korean leadership opted for a relatively isolationist policy, knowing the consequences, but not contemplating serious problems for the economy. Moreover, *Chuch’e* did not exclude economic transactions with other countries. In theory *Chuch’e* called for relations to be managed from a position of a developed and self-sufficient (not dependent) economy, as the North Koreans understood it. And these economic ties had to be presented (only when necessary, because in many cases foreign machines and installations were presented as North Korean) to North Korean society not as a necessity for the economy, but as a strength.

The reduction of aid did not occur immediately. It was a process which paralleled the deterioration in relations between North Korea and the Soviet-led socialist system in the early 1960s. North Korean leaders believed they could manage on their own, but economic realities forced them to rethink their policies and to seek improvement of economic relations with the Soviet bloc. A partial harmony between *Chuch’e* ideology and praxis existed in the first half of the 1960s. The DPRK could still rely on China for help, as the relations between the two neighbors became closer. In this regard, *Chuch’e* meant mostly independence from the Soviet camp. Moreover, in the second half of the 1960s the rift between *Chuch’e* theory and praxis widened, as the discrepancy between the self-sufficiency dictum in domestic politics and foreign economic relations grew. By the latter half of the 1960s, the target of North Korea’s self-reliance and pro-independence policy was China.

Isolationism was not a goal, but a consequence of the pursuit of “national economy.” According to North Korean reasoning, the self-reliant economy did not preclude integration in
the socialist world. On the contrary, the building of a self-sufficient economy was a prerequisite for an integration based on equality: “mutual relations and mutual help” would be better than an unequal partnership. This was North Korea’s answer to the dilemma which existed between an independence-minded Chuch’e ideology and the need for participation in the socialist world economy which could ensure flow of capital, technologies, and goods.

“The economy of the individual socialist states which function as self-sufficient economic units in the socialist system, develop through mutual relations and mutual help. The world socialist economic system will become stronger, when the individual units [states] which are linked with the socialist economy get stronger. And the internal economic ties could further develop…. The economic cooperation can be implemented successfully only through proletarian internationalism, based on equality and mutual respect, when there is one overall self-reliant national economy…. Each country must produce fundamental products and those which are not much needed or those which are not enough must be supplied through international cooperation. When brotherly countries do not have raw material or products which they need, the other brotherly countries must make them available through the principle of mutual exchange.”926

North Korea did not reject cooperation and economic exchange per se, even when stressing the need for a self-reliant economy. It underlined the need of positioning itself on the higher end of the division of labour – one of the elements of integration into the socialist world economy. From this perspective, Chuch’e could be seen as a developmental import-substitution policy in the realm of economic cooperation with the socialist world.927 Therefore, Chuch’e was a policy instrument in the DPRK’s relations with the outside world, notably the socialist world.

The debates and the purges in the North Korean leadership in the 1950s were

PA MfAA, A7105, 126-127
927 In another article in Kŭlloja, it is stated that “rebirth in socialist building means construction of an independent national economy….. There is no moral right in international trade, which requires to trade with those who have low quality products or lacking products. The trade based on the principle of equality and mutual benefit required relevant material base. The successful cooperation with the countries from the socialist camp and the international division of labor became possible with the construction of self-sufficient national economy.”
reminiscent of the debates in the Soviet Union in the 1920s between two concepts – world revolution and “building socialism in one country.” Stalin won the battle, as he relied on the policy of building socialism in the Soviet Union alone, not waiting for the world revolution to happen. Similarly, Kim Il Sung won the battle for the North Korean leadership, counting on the nationalist domestic approach and eliminating rival factions in the party which were receptive to Soviet or Chinese influences. Hence the domestic political agenda and the foreign policy responses to external crisis (the Sino-Soviet feud) blended with the Chuch’e ideology.

Chuch’e can be considered a disguised mercantilist (nationalist) economic policy with socialist characteristics. North Korean economic nationalism reached its sharpest form during the period of most severe relations between the DPRK and the Soviet camp. In practice, a self-reliant policy meant shying away from international organizations like COMECON. We can identify the regime’s economic policy orientation on various levels of government bureaucracy. Kim Nam-gyu, the DPRK’s trade representative in Romania (Romania was also skeptical about deeper socialist integration but was preparing to join COMECON in 1962), articulated the meaning of a self-reliance policy in the sphere of foreign cooperation after an East German diplomat asked him about the prospects of the DPRK joining the organization. In Kim’s opinion, North Korea first had to increase the living standard of its people. The DPRK was not economically strong enough to have an equal partnership with other socialist countries, and COMECON membership meant developing economic relations with the socialist bloc on the basis of mutual benefit. Joining the organization would mean that the PDRK was a “help-seeker.”

This stance implied that the DPRK did not rule out joining at later stage, when the country was more economically developed. However, such misconceptions about the character

928 PA MfAA, A7121, Report from the embassy of the GDR in Romania, Meeting between Trade representative Kormes and the North Korean Trade Attaché Kim Nam-gyu in Bucharest, July 27, 1962, 114
of “independence,” became part of a vicious cycle in which isolationism meant economic stagnation. North Korea would avoid integration (dependency) because it was a less-developed country.

North Korea reversed its isolationist policy in 1965 and started to seek help from the Soviet Union and other socialist countries. Economic problems had shown that the relative isolationist policy was very costly. This turnaround indicated that the North Korean leadership believed that they could develop on their own without international economic integration and that they may have been inclined to increase their level of economic cooperation once their economic prospects improved. History proved this approach a blunder as reduced exchanges with the Soviet Union and East European countries in the first half of the 1960s started to suffocate the North Korean economy. In other words, North Korea re-activated its economic relations with the Soviet bloc not because of improvements in its living standards led in that direction, but because its perceived economic weakness seemed to necessitate international integration with the Soviet-led socialist world. Moreover, the DPRK needed military aid from the Soviet Union for its military modernization program. Still, North Korea continued to maintain its Chuch’ e policy, albeit in modified version.

North Korea attended COMECON sessions as an observer and participated in committee work until 1962, but did not join formally the organization. This was not surprising in view of its pursuit of a self-reliant national economy and independence from the Soviet Union. It is clear that non-membership in the economic organization had an effect on the intensity of the economic integration. Staying out of the organization would preserve some flexibility in the decision-making process in Pyongyang, particularly with regard to the Soviet Union and China. Joining would mean a clear policy decision of siding with the USSR at the expense of closer
economic ties with China. Under the pretext of building a stronger economy, North Korea justified its position not to join COMECON.

North Korean officials also feared that more direct and open relations with other socialist countries would put the DPRK in a dependent position as a raw material supplier, something which would hinder its development. North Korea’s economic strategy did not exclude close economic ties with socialist countries, but the leadership preferred “safer” bilateral relations since they were concerned about losing their voice and independence within a Soviet-dominated COMECON.

We can draw parallels between North and South Korea in foreign economic relations. Indeed, an import substitution policy was a “trade mark” of South Korea’s development strategy in the 1950s and the 1960s. The policy, however, resulted in trade frictions between South Korea and the United States. While the American officials insisted on bigger opening of the South Korean market, Seoul was determined to protect its own industries from foreign competition.

The foreign socialist criticism of North Korea’s self-reliance policy and refusal to join the Soviet-led socialist economic club focused on the regime’s isolationism. Pyongyang responded to such criticism with the argument that there was no contradiction between strengthening its national economy and participating in the international socialist system. But northern officials placed emphasis on developing their national economy as a precondition for their (active) participation in the socialist system. North Koreans defended their position in the following way:

“If national socialist economies are not developed comprehensively, they cannot secure firm self-independence and play their independent role. This will lead to the weakening of each component [state] of the socialist camp and, in the end, to the weakening of the world socialist system in general. Only on the basis of development of all socialist countries and fulfillment of their role to the maximum degree can the world socialist economic system function satisfactory
and fully display its power. In reality, it is impossible to participate effectively in economic cooperation with a backward and distorted economy, regardless of will. The independent and complex economic development and the intention to produce everything necessary by its own forces do not mean a rejection of international economic relations and cooperation. How can one with common sense say that building an independent national economy is ‘autarky,’ that this is taking the road of ‘isolation’ from the socialist system, and finally, that this is ‘nationalism’? Each country must produce the main and most necessary products by itself, while the less important or insufficient products can be obtained through international cooperation with brotherly countries. At the same time, one country can supply to brotherly countries materials and goods that they lack or have in insufficient quantities.”

North Korea’s ill-fated attempts to produce everything perceived to be important and necessary for the economy by itself while shunning deeper integration into the international socialist system was the crux of the problem with the North Korean nationalistic economic model. Economic self-reliance had important political meaning: it was supposed to secure the political independence of the country. It was also meant to have a revolutionary influence on the South Korean population (South Korea was branded an “American colony”). In this sense economic reliance was meant to help with North Korea’s struggle for the peaceful unification of the peninsula. The North Korean leadership believed in the superiority of socialism and, as Chuch’e philosophers, in the independent national economy. Both were interconnected: an independent economy was considered the essential condition for the successful building of socialism and would secure North Korea’s prosperity and sovereignty. The success of North Korea’s economic development would, in turn, appeal to South Koreans and would resolve the unification challenge. The North Korean regime aspired to the image of “great nation” which was associated with independence and economic self-sufficiency.

Chuch’e represented the North Korean model of modernization and emancipation. It

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930 Ibid.
was a major break from a past which had been imbued with dependencies: Korea had been a periphery in the Sino-centric world order, had become part of the Japanese colonial empire, and was divided and occupied after Liberation. The creation of the DPRK depended on the Soviet Union and its survival hung on Chinese intervention during the Korean War. In the 1950s, the reconstruction of war-ravaged North Korea depended on massive aid from socialist countries. Party factions were channels of Chinese and Soviet influences. *Chuch’e* became the banner of the nationalist guerrilla faction of the government coalition as a way to assert its supremacy and secure a sovereignty which had often been violated in Korea’s history. As much as North Korean socialism represented a radical response to economic and social problems, *Chuch’e* was a nationalist reaction to Korea’s various external dependencies. The result was Korean-style socialism or nationalist socialism.

*The drying well of fraternal aid*

The beginning of the Seven Year Plan in 1961 was promising. The Soviet Union and other socialist countries pledged considerable aid packages, including direct aid, credits and technology transfers. The aid was less than that offered during the Five Year Plan of the 1950s, but still substantive. North Korean officials counted on aid when they drew up the plan, and negotiations took place before the fall out in relations with the Soviet Union. The Soviets remained the most important economic partner of North Korea despite the turbulent years during the Seven Year Plan and subsequent reduction of aid.

The Soviet Union and North Korea signed loan agreements in March 1959 and December 1960 for 1.05 billion old rubles (262.5 million rollers). The amount was designated for the construction or supply of equipment for fifteen industrial sites: a thermo

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931 In 1961, the Soviet Union denominated the value of the ruble in ratio of 1 new ruble to 4.4 old rubles.
power plant near Pyongyang for 400,000 kW; a thermo power plant in Pukch’ŏng for 600,000 kW (400,000 from USSR equipment and the rest from local supply); expansion of a metallurgy plant “Kim Ch’aek” in Ch’ŏngjin with an annual capacity of 1.7 million t. of cast iron, 1.8 million t. of steel, and 1 million t. of sheet iron; expansion of a Musan iron ore mine (5 million t. per year) and construction of an iron ore processing plant (3-3.5 million t. concentrate per year); an oil processing plant with an annual output of 2 million tons (the oil was to be supplied by the USSR) in Ungi; a textile plant with 15,000 spindles in Hamhŭng; cotton textile factory in Hyasan; film studio for the production of 10-15 feature films annually; supply of one nuclear reactor; an ammonia plant with an annual production of 50,000 tons; a radio station; TV centre, and an unspecified plant.\textsuperscript{932} The two countries concluded another credit agreement for 25 million new rubles (27.5 million dollars\textsuperscript{933}) in 1961.\textsuperscript{934}

The realization of some of these projects was delayed as a result of deteriorating Soviet-North Korean relations. In fact, the two sides signed a protocol in August 1963 to delay or scale back six of fifteen previously agreed upon industrial projects and the overall Soviet obligations decreased two and a half times for the Seven Year Plan. Hence, the Soviet Union helped North Korea in the construction of nine industrial plants between 1961 and 1967.\textsuperscript{935} But the improvement of relations after 1965 restarted some of the projects. The two sides reached a new accord for 160 million rubles in 1966 with 2 percent interest and a 10-year repayment schedule starting from the year when the industrial project in question was completed. The agreement

\textsuperscript{932} PA MfAA, A7007, Report from the embassy of the GDR in the DPRK, Meeting of secretary Mayer with Soviet ambassador Hovikov, Pyongyang, Jan 28, 1961, 124-125
Also, Bazhanova, 32
\textsuperscript{933} We use new exchange ratio of 1 dollar = 0.9 (new post-1961) rubles.
\textsuperscript{934} PA MfAA, A7078, Report from the embassy of the GDR in the DPRK, Annual Report on Relations between the GDR and the DPRK in 1961, Pyongyang, January 1962, 98
\textsuperscript{935} The Soviet Union agreed to scale back the work on the following projects: Pyongyang thermo power plant, thermo power plant in Pukch’ŏng, ammonia plant, and Musan ore mine. The two sides negotiated also postponement of work on the two most important projects – expansion of “Kim Ch’aek” plant and construction of oil refinery. Bazhanova, 32
rescheduled payment of previous credits (from 1949, 1961, and 1965) into 14 annual installments to begin in 1971. The 1966 accord envisioned nine projects; it confirmed some of the projects mentioned above and included new ones. The Soviet Union was also to train personnel needed to operate the industrial plants. The negotiations were not easy, however. The Soviet deputy minister of foreign trade stayed almost three months in Pyongyang to negotiate the terms of the agreement. The Soviet side satisfied almost all of North Korea’s requests, including a delay for another four years of a payment of 22 million rubles owed to the Soviet Union. In March 1967, the Soviet Union provided new credit for 42 million rubles for construction of new sites. We can conclude that the Soviet Union assisted North Korea in the expansion or construction of at least 13 industrial sites in the 1960s, something which approximated the original plan agreed for the Seven Year Plan.

In the period from 1970 to 1975, the Soviet Union provided new loans totalling 420 million rubles. We will not include this amount in our estimate for the period (1962-1970)

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936 IVANSSSR, “Agreement between the Governments of the USSR and the DPRK for Economic and Technical Cooperation in Construction and Expansion of Industrial and Other Sites,” 241, 243
937 These projects were: thermo power plant in Pyongyang (400,000 kW); Pukch’ŏng power plant (600,000 kW); expansion of “Kim Ch’aek” plant to reach production of one million tons of steel and 850,000 t. of sheet iron; oil refinery in Uungi (to be built in two stages – the first one with capacity for one million tons of crude oil and the second – two million tons); thermo power plant in Uungi with capacity 100,000 kW; ammonia plant with annual production capacity of 20,000 tons; coal mine in Yonghŭng with capacity 1.5 million t.; expansion of coal mine near Anju with capacity 5 million t.; plant for production of polyethylene and synthetic rubber.
Bazhanova, 34-35
938 AMFABG, Opis 22, delo 91, 1590, Report from the Bulgarian embassy in the DPRK, Tendencies in the Development of Foreign Trade of the DPRK, trade attaché Todor Kunchev, Pyongyang, November 5, 1966
939 The projects were heating repair plant in Pyongyang, auto battery plant, plant for enameled cables, and mid-wave radio station.
Bozhanova, 15, 36
940 The Soviet loan was distributed as equipment delivery in 1970 for 63 million rubles, in 1971 – 77 million and in 1972 – 80 million and the rest distributed until 1975-1976. Between 60 and 80 percent of the amount was to be repaid by the production of plants built with the help of the loans, 8-10 percent in cash, and the rest in goods. Here are some of the planned projects in the 1970s financed by loans were as follows: plant for electric motors with annual capacity of 1 million units (to be constructed in 1975-1976); plant for enameled conductors in the range of 0.02 mm and 1 mm with annual production 500 tons (1974-1975); plant for 60-ton rail wagons with annual production of 8000 units (1976); conveyors for hot and cold casting for metallurgy pant; metallurgy plant with capacity 1 million t. steel (probably extension of existing one); plant for roller and ball bearings with capacity of 10 million units; oil refinery for 2 million ton processing capacity (1973) which was agreed in 1965; three power plants: Pukch’ŏng for 1.2 million kWh (still under construction in 1972 and agreed in 1965 but with expanded capacity), Ch’ŏngjin – 150,000
because the implantation of these projects financed by Soviet credit occurred in the 1970s. But it is also important to point out that the Soviet Union provided an additional loan of 400 million rubles in the 1970s to help North Korea finance its debts.\footnote{The Soviet Union provided the loan of 400 million rubles for the period between 1976 and 1980 with 2 percent interest and it was to be repaid in ten years starting from 1981.} Apparently the North Koreans had difficulties repaying their debts even though the loan agreements allowed repayment in kind (usually production from the factories which were built with the loan financing).

The Soviet loans in the 1960s therefore amounted to about 360 million rubles for industrial projects.\footnote{The basis for the estimate of 360 million rubles is the loan agreement in 1965 for 160 million rubles and in 1967 amounting to 65 million rubles. We also include 63 million rubles of loan in form of deliveries in 1970. The agreements in 1959 and 1960 for 1.05 billion (old) rubles were partially carried out and some of the planned projects overlapped with the projects form the agreement in 1966. The USSR and the DPRK agreed to scale-back the joint projects in 1963 for the Seven Year Plan and there were indications that the Soviet obligations decreased two and half times or to about 95 million rubles of the original plan (238 million new rubles agreed in 1959 and 1961). Briefly, we add 95 million (1959 and 1960), 160 million (1966), 42 million (1967), and 63 million (1970) = 360 million rubles.} However, this amount was certainly exceeded because in 1965 the Soviet Union and North Korea signed a loan agreement for an unspecified amount to strengthen the DPRK’s defence.\footnote{Trigubenlo, 177} Given that North Korea received a loan for 400 million rubles to repay debts, and that the ratio of industrial to military projects was about 2:1, the amount of this defence loan might have been in the proximity of 200 million rubles. However, we will use conservative assessment of 100 million rubles of the 1965 military loan agreement in order to avoid overestimation. The total amount of Soviet loans provided to North Korea in the 1960s was therefore 460 million rubles. The loans generated debts, however, despite their generous terms. Overall, as of 1987, North Korea accumulated 1.1 billion rubles in debt to the Soviet

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kWh, and Ungi – 100,000 kWh; radio station 1000 kW; automation of rail station; etc.  
AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 56

Also AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47

AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 56

AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47
Union as it repaid only 30 percent of the total credit amount.\footnote{944}

The Kremlin’s price policy was generally favourable to North Korea in the supplies of capital goods to the plants and facilities built with Soviet assistance. The goods were sold to North Korea a little above production cost. When logistical and other costs are included, the Soviets provided the equipment with a minimal profit, if any. For instance, in 1968, the Soviets supplied electric energy equipment for 14.7 million rubles, while the production cost was 12.7 million rubles, a 13 percent difference.\footnote{945} Nuclear energy technology and related equipment usually was provided at cost, given its strategic value for the bilateral relations between the Soviet Union and its allies.\footnote{946} The preferential treatment of allies points to their strategic value for Moscow.\footnote{947}

The Soviet Union helped North Korea secure timber for its industries through a 1957

\footnote{944} The total loan amount is estimated at 2.6 billion rubles, of which North Korea repaid 0.76 billion. As a result, as of 1987, it accumulated debt worth 1.1 billion rubles to the Soviet Union. Bazhanova, 22

\footnote{945} Other price examples of Soviet supplies to North Korea in 1968 were: machines worth 161,900 rubles for textile factory with production cost for 148,300 rubles or only 8.4 percent difference; machines for plant (№3753) at a price for 1.138 million rubles with production cost 810,300 rubles (around 20 percent up); equipment for the iron ore mine in Musan for 33,100 rubles with production cost 25,500 rubles – 22 percent difference; and equipment from the Soviet Academy of Science: 68,300-92,400, with production cost 68,300 rubles – 26 percent difference. The Russian State Archive of Economy (thereafter RGAE), Central Statistical Bureau Council of Ministers of the USSR (CSU), Fond 1562, Opis 45, delo 9386, 89; also delo 9387, 124; delo 9387, 4, 124; delo 9388, 32; and delo 9390, 58

\footnote{946} For example, in 1968, the Soviets supplied at cost level nuclear energy related equipment worth 18 million rubles to Czechoslovakia and equipment worth 2.07 million rubles to the GDR. RGAE, Fond 1562, opis 45, delo 9387, 76

\footnote{947} Additional factors for a low price policy, at a cost level or minimal profit, were: the insolvency of buyers in the cases of Afghanistan and Mongolia; political courting in the case of Romania; or special brotherly relations in the case of Bulgaria, although in some individual cases one can observe Soviet profit for more sizable deliveries to Bulgaria like electric energy equipment. Here are some selected examples of Soviet deliveries in 1968 included: Romania – equipment to Romania at a cost level (1.4 million rubles); Bulgaria – equipment, machines, transportation worth 3.6 million rubles with a cost of 3.3 million (8 percent difference), energy and electrification equipment worth 15.03 million rubles with a cost of 13.12 million (14.5 percent difference); the GDR – energy and electrification equipment worth 13.28 million rubles with a cost of 11.04 million (16.8 percent difference); Hungary – equipment worth 199,200 rubles with cost of 147,500 rubles (26 percent difference); Afghanistan – equipment for auto repair plant at a cost level (61,600 rubles); Mongolia – energy and electrification equipment worth 5.6 million rubles with a cost of 4.83 million (13.7 percent difference), agricultural equipment at a cost level (740,000 rubles); Vietnam – agricultural equipment worth 981,000 with a cost of 625,000 (36 percent difference); Cuba – reconstruction of sugar plant worth 7.5 million rubles with cost of 5.5 million (26.7 percent difference). RGAE, Fond 1562, opis 45, delo 9387, 4, 76; delo 9388, 144; delo 9386, 87-91
landmark logging agreement. The two sides agreed to terminate the arrangement in 1964 due to alleged excesses of North Korea’s logging quotas in Siberia. However, the improved bilateral relations led to a renewal of the agreement in 1967. The DPRK established a logging company which processed and shipped timber from the Khabarovsk area and the Maritime province. In 1970, the supply of Soviet timber reached 2.7 million cbm.948

The Soviet aid had considerable effect in some key sectors of North Korean economy in the 1960s. According to Soviet sources, the share of electricity produced in power plants built (or restored and modernized) with Soviet assistance was 58 percent in 1970. The Soviet help also played an important role in North Korea’s production of coke, cast iron, sheet iron, colour metals, cement, nitrogen fertilizers, and textiles.949 The active Soviet policy toward the DPRK was partly a function of Sino-Soviet split because the Kremlin was wary of the Sino-North Korean close partnership which would weaken the Soviet position in the region.

China’s aid to North Korea in the first half of the 1960s was estimated at 120 million rubles in loans. China provided North Korea a loan for 45 million rubles in 1961.950 China and North Korea signed a second loan agreement for 75 million rubles in 1965. Among the projects

948 According to the 1957 agreement, North Koran loggers in Siberia were to supply 1.33 cbm timber to the Soviet Union for each cbm timber shipped to the DPRK. The Soviet side estimated that between 1957 and 1964 the North Korean loggers in Siberia shipped 5.857 million cbm of timber to the DPRK, while the agreed quantity was 2.518 million cbm.

Bazhanova, 96-97

949 The shares of production of plants built or reconstructed with Soviet assistance as of 1970 was as follows: electric power – 58 percent (1.6 million kW, increase from 1.05 million kW or 39 percent in 1966); cast iron – 18-20 percent (350,000 t., same quantity with 23 percent share in 1966), sheet iron – 7-9 percent (120,000 t., same quantity with 23 percent share in 1966), coke – (400,000 t., no quantity produced in 1966); electrolyte copper – 12-14 percent (2,500 t., same quantity with 17 percent share in 1966); electrolyte zinc – 8-10 percent (8,000 t., same quantity with 10.5 percent share in 1966); nitrogen fertilizer – 44 percent (110,000 t., same quantity with 100 percent share in 1966); cement – 10 percent (400,000 t., same quantity with 14 percent share in 1966); linen, silk, and cotton fabric – 21 percent (83.45 million meters, same quantity with 32 percent share in 1966); wool fabric – 75 percent (10.42 million meters, no quantity produced in 1966); radio stations – 50-60 percent (765 kW, no stations built with Soviet help as of 1966).

Bazhanova, 36

950 PA MfAA, A7078, Report from the embassy of the GDR in the DPRK, Annual Report on Relations between the GDR and the DPRK in 1961, Pyongyang, January 1962, 98
targeted in the latter loan was the building of a textile and paper plants in Hyesan (Ryangang province). Chinese specialists worked in North Korea on these projects as part of the assistance. Other projects financed by Chinese loans included a textile factory in Sinŭiju (with 2,184 looms and 60,000 spindles); a plant for textile equipment; a ball bearing plant; plants for radio receivers, radio equipment, and short-wave radio stations; and light industry factories. China also provided help in building facilities for the repair and maintenance of agricultural machinery. Despite the deterioration in Sino-Korean relations in the second half of the 1960s, China continued to fulfill its obligations associated with the 1965 loan agreement. Moreover, the two sides negotiated additional projects in 1969 – the construction of a plant to produce electric bulbs and at least two thermo power plants. This agreement reflected the improved political environment between the two neighbours. The amount of the 1969 loan agreement was at least 21.7 million rubles, for the total amount of Chinese loans between 1961 and 1970 was estimated at 141.7 million rubles. We can surmise that China helped financing at least ten industrial projects in North Korea in the 1960s. By 1987 the DPRK had an accumulated debt worth 1.456 billion rubles.

Military aid to the DPRK from the PRC included funding for the maintenance of Chinese military equipment supplied to the DPRK and money for the maintenance and reconstruction of military plants built with their help. There were indications that China

951 AMFABG, Opis 20-7, delo 17, 289, Report from the Bulgarian embassy in the DPRK, Relations between the PRC and the DPRK, Charge d’affaires Apostol Apostolov, Pyongyang, May 20, 1969, 77
952 Bazhanova, 145
953 AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47
954 It was reported after a discussion between Chinese trade representative in his Czech counterpart in Pyongyang in 1969.
955 AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Relations between the DPRK and the PRC, charge d’affaires Apostol Apostolov, Pyongyang, July 29, 1969, 76-77
956 Ibid., 146
continued to supply North Korea with heavy artillery pieces, tanks, and MIG19 fighter jets. In turn, North Korea supplied China with firearms produced in a plant built with Soviet help. China probably did not want to abandon North Korea to the Soviet Union and continued its cooperation with the DPRK after 1965, albeit on a reduced scale. For example, in the second half of the 1960s, Pyongyang stopped sending military personnel for training in China and dispatched them to the Soviet Union, instead. 957 Similarly, the risk of alienating and pushing North Korea into the Chinese orbit was the reason which prompted the Soviet Union to continue its assistance to North Korea in the first half of the decade, despite the deterioration of Soviet-North Korean relations.

The DPRK also continued to receive economic aid from the other Soviet allies in this area. The GDR, for example, provided loans to the DPRK for 27 million rubles in 1966 and 1968. The two states signed a credit agreement on February 5, 1966, for 11 million rubles (at 3 percent interest, with repayment within a seven-year period) for the purpose of supplying equipment and instruments for a mine in Musan (2.3 million), a plant for automated machine tools (8 million), and designing a meteorology station. The deliveries for the projects reached 14 million rubles. The two sides signed another agreement on November 4, 1968, for 16 million rubles (at 2.5 percent interest, to be paid over a seven-year period) for the construction of a textile factory with 1,200 looms for cotton and mixed fabric, and for two spinning factories – one with 50,000 spindles and the second for cotton with 100,000 spindles. Between 1966 and 1968, the GDR delivered equipment to the DPRK worth about 21 million rubles. 958

957 AMFABG, Opis 20-7, delo 17, 289, Report from the Bulgarian embassy in the DPRK, Relations between the PRC and the DPRK, Charge d’affaires Apostol Apostolov, Pyongyang, May 20, 1969, 77
958 PA MfAA, C319/78, Report from Ministry of Foreign Affairs of the GDR, C319/78, The Economic Relations Between the GDR and the DPRK and the Creation of the Advisory Committee, Berlin, January 11, 1973, 50
See also AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47
repayment conditions of the two agreements were favourable to North Korea as only 5 percent of the amount was to be repaid in money. Another 25 percent had to be repaid in the form of goods produced by the facilities to which the equipment was supplied. The remainder of the loan was to be also repaid in kind.\textsuperscript{959} In sum, the GDR provided loans for financing six industrial projects in the 1960s.

Furthermore, in 1970, North Korea requested assistance from East Germany (loans and technology) for building 28 plants and facilities.\textsuperscript{960} Funding for some of these projects was included in loan agreements negotiated with East Germany in the 1970s. In 1972, for example, the GDR and the DPRK signed a loan agreement for 15.2 million rubles for a zinc production facility in Namp’o’s colour metals plant. The payment conditions were favourable: repayment in kind over a period of 10 years, starting in 1977, with 2 percent interest.\textsuperscript{961}

Other East European countries provided loans to North Korea in order to stimulate bilateral trade. Usually these loans were with 2 percent interest and contained a 10-year

\textsuperscript{959} Seventy percent of the loan was to be repaid in kind: 30 percent colour metals (25 percent in electrolyte zinc and five percent in electrolyte silver), 25-30 percent in black metals, and 20-25 percent in non-metal materials and goods. North Korea requested from the GDR help for the following projects: five facilities for colour metals; two in the chemical industry; for development of machine industry – equipment for six complete factories; two facilities for production of vitamins; and additional equipment for the textile industry.


See also AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 57

About 70 percent of the value of the deliveries from East Germany (35 million rubles) was covered by the credits – 27 million.


It is unclear how the other 30 percent or 8 million rubles were secured. Most likely North Korea paid for them in kind but direct aid from the GDR could not be ruled out either. The repayment of the loans was also rescheduled so that it suits the North Korean capabilities to deliver the agreed materials.

\textsuperscript{960} PA MfAA, C320/78, Report from the embassy of the GDR in the DPRK, Economic Relations with the DPRK, 1971-1975, Pyongyang, November 19, 1970, 125-131

\textsuperscript{961} The structure of repayment with deliveries was as follows: zinc – 75 percent, minerals – 15 percent, black metals – 5 percent, and agricultural products – 5 percent.

PA MfAA, C319/78, Report from Ministry of Foreign Affairs of the GDR, C319/78, The Economic Relations Between the GDR and the DPRK and the Creation of the Advisory Committee, Berlin, January 11, 1973, 50
repayment schedule. In 1961, Hungary provided a loan to North Korea for 8 million rubles.\textsuperscript{962} In 1965, the DPRK failed to negotiate an agreement with Hungary for the purchase of equipment and goods on credit worth 25 million rubles.\textsuperscript{963} Czechoslovakia agreed to provide loans worth 10.6 million rubles in the early to mid 1960s.\textsuperscript{964} Czechoslovakia gave additional loans in the second half of the 1960s, so the total amount loans for the decade reached 87.1 million rubles – the biggest amount among the East European countries. Poland provided the DPRK with a loan for 12.2 million rubles and Romania loaned North Korea 9 million rubles.\textsuperscript{965}

In 1961, the DPRK signed contracts with socialist countries for loans amounting to 556 million rubles with two-percent interest. The loans were part of the financing of industrial projects including supply of equipment and technologies during the Seven Year Plan. The repayment of the loans would start in 1970; they would be paid with goods produced in the plants built with the help of the loans.\textsuperscript{966} The industrial projects financed by the socialist countries were in the fields of mining, steel production, metal processing, and light industry.\textsuperscript{967} North Korea and its socialist partners delayed or scaled back some of these loans while

\textsuperscript{962} AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 57
\textsuperscript{963} North Korea requested credit for purchase of equipment for pharmaceutical combine. Hungary agreed on 2-percent interest loan for 7 years, which was to be repaid with deliveries of color metals (70 percent of the amount). The North Korean delegation dispatched to Budapest rejected the offer and despite its three month stay both sides failed to reach an agreement. Most likely, the North Koreans expected more favorable terms of the agreement. AMFABG, Opis 23, delo 78, 1577, Report from the Ministry of Foreign Affairs to the Ministry of Foreign Trade, head of Fifth Department Nikolai Petev, Sofia, February 24, 1966, 2
\textsuperscript{964} In 1961, Czechoslovakia agreed to give a credit for 5.6 million rubles to the DPRK and in 1965 it provided another credit for 5 million rubles.
PA MfAA, A7078, Report from the embassy of the GDR in the DPRK, Annual Report on Relations between the GDR and the DPRK in 1961, Pyongyang, January 1962, 98
Also, AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 57
\textsuperscript{965} Bazhanova, 106
\textsuperscript{966} AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, The Principle of Building Economy with Own Efforts and the Objective Reality in the DPRK, trade attaché Todor Kunchev, Pyongyang, 1964, 58
\textsuperscript{967} PA MfAA, A7078, Report from the embassy of the GDR in the DPRK, Annual Report on Relations between the GDR and the DPRK in 1961, Pyongyang, January 1962, 98
negotiating new loans in the 1960s, so the total amount of loans provided to the DPRK exceeded
the initial amount for the Seven Year Plan.

<table>
<thead>
<tr>
<th>Country, region</th>
<th>Loan amount</th>
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<tbody>
<tr>
<td>USSR</td>
<td>460</td>
</tr>
<tr>
<td>PRC</td>
<td>141.7</td>
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<tr>
<td>Eastern Europe</td>
<td>143.3</td>
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<tr>
<td>GDR</td>
<td>27</td>
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<tr>
<td>Poland</td>
<td>12.2</td>
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<tr>
<td>Czechoslovakia</td>
<td>87.1</td>
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<tr>
<td>Romania</td>
<td>9</td>
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<tr>
<td>Bulgaria</td>
<td>n/a</td>
</tr>
<tr>
<td>Hungary</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>745</strong></td>
</tr>
</tbody>
</table>

*Source: AMFABG, PA MfAA*

In sum, loan agreements between socialist countries (the Soviet Union, China, Czechoslovakia, East Germany, Poland, Romania, and Hungary) and the DPRK in the 1960s amounted to approximately 745 million rubles (820 million dollars). Although direct aid to North Korea was virtually non-existent during this time, the terms of the loans given to North Korea were very favourable – between two and three percent interest and repayment in kind after the completion of industrial sites financed by the loans. Military assistance should not be overlooked, particularly in the second half of the 1960s. Some of the 28 military sites constructed with Soviet help until 1972 were negotiated in the 1960s. North Korea could not afford to reject Soviet military assistance in the 1960s, particularly in the context of its militarization policy. China also provided military aid which was not included in the loan agreements, mentioned above. Therefore, the 745 million rubles of total socialist aid is a conservative estimate. By and large, the loan aid provided in the 1960s was dwarfed by the
fraternal aid in the 1950s. Also, the total amount of loans in the 1960s was less than the amount
of annual trade reached between the DPRK and the socialist countries in the early 1970s. This
ratio points to significant shifts in the history of economic relations between North Korea and
Eastern bloc countries.968

North Korea received loans and technology transfers from capitalist countries as well. In
the late 1960s and early 1970s West Germany, France, and Belgium constructed a chemical plant
valued at 65 million dollars near Pukch’ŏng (where the Soviet Union had constructed a thermo
power plant). Around 150 West German specialists worked on the project in North Korea.969 It
is interesting that West Germany was the most active western country in aiding North Korea.
This can be viewed as part of the competition between East and West Germany. In 1963,
Japanese firms agreed to provide long-term credit to North Korea to supply equipment for
synthetic rubber and fabric plants. Japan also provided ships and equipment for two thermo
power plants (50,000 kW each). The Dutch company Reme agreed to supply equipment for a
chemical plant in North Korea which produced 250,000 t. of acid annually.970

**Technical assistance from the socialist countries**

The Soviet Union continued to be a major provider of know-how for North Korea in the
1960s. It provided 2,500 sets of technical documentation, including 600 projects for capital

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968 It can be also noted that North Korea became a donor country in the 1960s. In 1968, it provided 12.5 million rubles
in aid to Vietnam and in 1969 it pledged aid to Vietnam worth 8 million rubles. The DPRK’s aid was a response to South
Korean involvement in America’s war in Vietnam.
AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in
the DPRK, first secretary Apostol Apostolov, Pyongyang, November 15, 1969, 199
969 The Bank of France provided a loan and received 13-15 tons of gold from North Korea annually since 1968; 10-11
percent of the value of the plant was covered by gold.
PA MfAA, C6853, Memo from the embassy of the GDR in the DPRK, Meeting with the Advisor at Soviet Embassy
Denisov on July 6, 1972, Pyongyang, July 21, 1972, 98
970 AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the
DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunechev, Pyongyang, April 16 1964, 16-17
investment between 1957 and 1967. However, in 1962 the Pyongyang government decided to scale back the technical cooperation by declining 100 previously agreed sets of technical plans from the USSR in an attempt to change the asymmetrical nature of the cooperation between the two countries. The DPRK was mostly on the receiving end of the relation which exposed its dependency. Following its self-reliance policy, the regime tried to change the ratio between received and given technical documentation from 10:1 to a more reciprocal ratio of 2:1. This means the North Koreans tried to apply self-reliance policy in economic relations vigorously in the beginning. The North Korean media also hid from public view the Soviet technical contribution to the economy,971 a striking contrast with the first postwar years.

The improvement of Soviet-North Korean relations intensified the technical cooperation between the two sides, as they restarted delayed industrial projects and negotiated new ones in 1966 and 1967. In 1967, the Soviet Union and the DPRK set up an inter-government consultative commission for economic and science and technology issues with an additional sub-commission dealing with science and technology cooperation. Between 1955 and 1967, agreements on technological cooperation were made at biannual bilateral meetings of government officials. The cooperation was one-sided, however, as North Korea was mostly on the receiving end of the relations. Moreover, the Soviets provided technical assistance generously. Soviet archival sources point to 15 ongoing projects (in the late 1960s) which the Soviet Union assisted with know-how in the form of technical designs, drawings, and technical advising for total 3.5 million rubles. For example, the design of the thermo power plant in Ungi would cost 88,000 rubles.972

971 For example, by the end of 1962 a tractor plant introduced new 75 hp caterpillar model based on the documentation of Soviet T-75 tractor, but the media presented it North Korea’s own technological achievement. Bazhanova, 90
972 As of 1968, there were 15 projects, for which the technical assistance totalled 3,467,600 rubles. Here were the
In 1968, the Soviet Union and the DPRK held the first meeting for the sub-commission for science and technology cooperation. The sub-commission met to discuss two North Korean projects (information on treatment methods for rice diseases, and plans to accept two Soviet physicists in North Korea) and 55 Soviet projects. Forty-six of these proposed Soviet programs involved giving technical documentation in the fields of machine building, mining, metallurgy, management of the Moscow metro, special cranes, transmission of cargo trucks, driving heavy duty trucks, and others. Also, the Soviet Union agreed to accept 82 North Korean specialists in nine training programs in fields such as mining, metallurgy, machine building, and agriculture. The Soviets accepted 190 North Korean specialists for one year.\footnote{The training programs in the Soviet Union were as follows: coal enrichment (10 people for 6 days); new technique in the metallurgical industry (12 for 30 days); steel furnaces (15 for 15 days); production of ball bearings and planning a plant for ball bearings (4 for 25 days); organization of scientific research and functioning of printing house (5 for 45 days); production and use of textile machines (7 for 10 days); method of analysis of food substance in fodder and classification of microelements in plants and soil (10 for 120 days); growing rabbits (14 for 45 days); storing and putting wood stain on rice seeds (5 for 27 days).}

During the commission meetings of 1970 and 1971, North Korea agreed to provide to the Soviet Union certain seeds such as tobacco and documentation for their cultivation. The DPRK also provided expertise to the Soviets in the field of vinyl production. The Soviet Union

projects of the cost of designs and drawings:
Thermo power plant Pukch’öng, drawings: 592,500 rubles from the start of project and drawings for special equipment: 57,700 rubles;
Thermo power plant in Ungi, design: 88,000 rubles;
Oil refinery for processing 2 million tons of crude oil through thermo-oil method: 1.72 million;
Coal mine: 123,000;
Coal mine in Yonghchong: 123,000
Anju mine, shaft 1: working drawings: 24,500 (16,000), drawings of equipment 9,800, other drawings 5,400;
Kim Ch’aek metallurgy plant: 285,000: design for expansion 250,000, reconstruction design (additional) 35,200, expansion drawings 15,000;
Plant for enamelled wires, technical advice 5,200;
Plant for automobile batteries, technical advice 5,200;
Project #77234 (probably military): 100,600 – technical advice 4,000, design 96,600
Project #77239: 155,000 – technical assistance 5,000, design 150,000;
Mid-wave radio station: 42,300 – technical advice 11,300, design 31,000;
Radio line from Pyongyang to the Soviet-North Korean border 2,700 technical advice;
Repair plant for thermo power installations in Pyongyang: 88,700 – design 85,000, technical assistance 3,700;
Automation of Pyongyang (railway) station: 39,000 – design 35,000, technical advice 6,000.
\footnote{PA MfAA, C146/75, Note from the embassy of the GDR in the DPRK, Meeting between first secretary at the embassy Jarck and the second secretary at Soviet embassy Golosov on March 27, 1968, Pyongyang March 28, 1968, 16-17}
provided documentation and samples in four subjects and accepted North Korean specialists for education in 10 subjects and for training in production technology on 34 subjects. The Soviet expertise in these programs covered important areas, such as mining, metallurgy, energy, transport, automation, electronics, medicine, infrastructure and urban development.\footnote{The Soviet training programs for North Korean specialists included: practice in complex automation of power plants; anticorrosion techniques for maintenance of cable lines; geological research methods for metal ores; production of electronic medical instruments; design and production of steam boilers; practice in mechanization and automation of color metal mines; the experience of computation centers of the Academy of Sciences of the USSR; use of calculating electronic machines “Minsk 32”; production of artificial asbestos cement; design and management of metallurgy plants; construction and management of stations for continuous steel melting; production of motor engines and instruments for automobile parts; research methods in paleontology; practice in synthesis of steroid hormones; analysis of drug plants; modeling of deformed river beds and enforcement of river banks; iron ore mining – work on open mines; design and technical arrangement of museums; exploitation of city dwellings and streets and creation of parks; design and management of oil supply base; exploitation of oil tanker; management of trade port; production of meteorological thermometers; corn cultivation; practice in sea meteorology; production of art paints; exploitation of road measurement wagons; expertise in hydrolyze of wood material; prognosis of river overflowing; conservation and restoration of historical valuables; oxygen blow out of Marten furnace; production of records for technical and scientific use; design and production of auto-cranes for construction of high rise buildings; early discovery, diagnosis, therapy, and prevention of stomach ulcer, duodenal ulcer, and hepatitis; modern methods of anaesthetization; production of veterinary-biological vaccine; breeding for valuable animal skin; production of balloons for storing oxygen 30-40 liters; etc. AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 59-60}

There is little information on Sino-North Korean technological cooperation in this area. A large number of Korean trainees were sent to China in the first half of the 1960s for education for half a year and more, while a handful of Korean researchers were sent to the PRC for short periods.\footnote{PA MfAA, A7121, Memo from the embassy of the GDR in the DPRK, Pyongyang, April 29 1965, 12}

The East European socialist countries and North Korea established joint commissions for science and technology cooperation. The first commission was reportedly set up between the GDR and the DPRK in 1960, but the exchanges started as a result of an agreement for long-term cooperation in 1955. For twelve years (1955-1967), the GDR managed 137 training programs, while the DPRK operated 19. At the eighth session of the commission in 1967 the two sides planned the dispatch of 60 North Korean trainees to East Germany in machine building, the
chemical industry, electrical engineering, and electronics. \(^{976}\) According to the decisions reached at the ninth session, held in Berlin in April 1968, the GDR was to run 15 programs with 72 North Korean specialists for training in various fields of technology and production for periods varying from a few weeks to two years. At the same time, the DPRK was responsible for one program, involving four East German specialists in the field of colour metals mining for two weeks. \(^{977}\)

The GDR only agreed to a portion of the requested education programs from the DPRK. For example, at the 10\(^{th}\) session of the commission in 1969, North Korea requested 41 programs. Sixteen of these were agreed to, involving 62 North Korean trainees for a total 363 months of education in the fields of production of chemicals, medicine, textile machines, sewing thread, condensers, light metals, and electric motors. North Korea managed two programs for East German trainees in the fields of production of pile fiber and the production technology of polyvinyl fiber. \(^{978}\) The GDR realized 10 programs on schedule in 1970 and five more programs later, and therefore almost fulfilled its obligations (they came one program short) from the tenth session. In 1970, both sides agreed on a less ambitious and more balanced plan, involving 10 projects from East Germany with 45 North Korean trainees and 6 projects managed by North Korea. \(^{979}\) During the sessions in 1970 and 1971 it was decided that the DPRK would provide the GDR seeds and training in the field of black metallurgy. The GDR was to provide education

\(^{976}\) PA MfAA, C318/78, Report from the Ministry of Science and Technology of the GDR, Science and Technology Cooperation between the GDR and the DPRK, Berlin, February 5, 1968, 152-153

\(^{977}\) The GDR funded the education programs with 200,000 M (42,600 rubles). The cost for training one person for a month was 700 M (149 rubles).


\(^{978}\) Some of the North Korean trainees were grouped in the following way: textile machines 2 trainees for 12 months, sewing thread – 5 per 2 months, condensers – 2 per 12 months, light metals – 4 per 12 months, electric motors – 6 per 3 months.


in the fields of mining, construction, machine building, food industry, computation, etc.\textsuperscript{980}

North Korea strove to achieve for a more equal partnership, but this goal was difficult to achieve.\textsuperscript{981} By and large, the two countries realized the planned programs. These exchanges were not cooperation by substance. Rather, the GDR provided technical assistance to the DPRK within formal cooperation structure.

Bulgaria and North Korea established an intergovernmental commission for economic and technical cooperation in 1969. North Korea gave information in the fields of metallurgy and chemicals, while Bulgaria provided assistance for Korea’s chemical industry, shipbuilding, and agriculture.\textsuperscript{982} The technological cooperation between Bulgaria and the DPRK was symbolic

\textsuperscript{980} Here is a more detailed list of projects in 1970 and 1971. North Korea was to supply seeds of potato, tobacco (Virginia), wheat, oats, rye, carrot, etc. The list of projects from North Korean side included also training in production of materials in the black metallurgy – construction steel, steel for instruments, steel alloy, and sheet iron. The list of training programs for North Korean specialists in East Germany included: production of cement (using furnaces with cyclical heat exchanger); production (evolving technology, quality control, coil, etc.) of condensers for electrical devices; casting concrete plates and panels for the construction sector; production of pig feed from food waste; processing of iron ore to transmit magnetic quality and ore enrichment process; design and establishment of systems for program management and measurement instruments by application of electronic computation machines; production of packing for can industry including supply of East German machines; printing methods on packing materials; production of baby food; etc. AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 61


\textsuperscript{982} Until 1969, a separate bilateral commission on science and technology cooperation served as a forum for exchanges. After 1969 it became a sub-commission of the intergovernmental commission for economic cooperation. The cooperation between the two countries activated in the late 1960s and the early 1970s. North Korea provided information on the following projects: production of some types of alloy and special types of steel; pyro-metallurgical production and electrolyte refinement of ladder and copper; cost reduction of metallurgical coke in production of cast iron; etc. It also gave information on ammonia and nitrogen fertilizers; production of protein concentrate and soy concentrate for fodder; documentation for production of 3000-ton blacksmith’s press; and so fourth. Bulgaria provided information on familiarization of oil processing and oil chemical industry; production of emulsion vinyl chloride and calcified soda; designing and building 5000-ton tanker; cultivation of medicinal plants and supply of drug samples; production of packing materials; storage of fruits and greenhouse growing vegetables; and others.
before 1969 due to the poor state of bilateral relations. Even so, Bulgaria-North Korea cooperation appeared more reciprocal compared to the DPRK’s cooperation with other socialist countries. Romania and North Korea had good relations which also translated into good ties in the field of technical cooperation. North Korea provided information about minerals and textiles, while Romania helped North Korea in the fields of oil industry and agriculture.983

The joint commission for science and technology cooperation between Czechoslovakia and North Korea was established as early as 1956. Until the early 1970s, the DPRK managed projects in the fields of mining and energy. Czechoslovakia provided know-how in metallurgy, machine building, chemistry, and light industry, among others.984 The cooperation between Czechoslovakia and North Korea was asymmetrical. The unequal partnership had different effects on Polish-North Korean cooperation. Although the two governments established a joint commission in 1960, the Polish government lost interest in such one-sided exchanges. After the 8th session of the commission, Warsaw did not resume the annual meetings with the North Korean counterparts until 1972. The DPRK managed projects in the fields of mining and agriculture, while Poland assisted North Korea in the fields of machine building, electric

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983 North Korea provided information to Romania about extraction of non-metal minerals; cultivation of silk worms (using oak leaves) and silk processing; production of acetate vinyl; familiarization with metallurgy industry; and others. Romania in turn helped North Korea in the following fields: oil drilling and design for drilling installation; storage and transportation of oil; forest cultivation and restoration; familiarization with knitwear industry; machine installation for paper production; methods to prevent pest to crops; production of various food products; supply of seeds (potato, wheat); and others.

984 Czechoslovakia assisted North Korea through training programs which included production of compressors, production of magnesium material with rotating furnace, production of diesel engines, production of plastic materials, production of rubber belts, production of malt, cultivation and processing of hop, production of construction materials using chemical raw materials, metal processing with different temperatures, production of metallurgical instruments, and others. The DPRK provided information in the fields of mining (discovery and extraction of ores) and energy – production of turbines using high water falls.
appliances, mining equipment, and others.985

The most passive and ineffective cooperation was with Hungary. The commission for science and technology cooperation met irregularly and in 1969 seized to exist. Moreover, Hungary did not request any project from North Korea, while the latter’s requests were not fulfilled.986 It can be assumed that some of these projects were materialized in the 1970s. There were signs of activating the cooperation in 1971, when the two sides agreed to exchange scientists.987 North Korea tried to develop cooperation with Mongolia in the fields of forestry and agriculture, but the joint commission for science and technology cooperation was passive. The Mongolian government was reluctant to engage more actively due to its concern that North Korea might demand to be allowed to send large groups to exploit the forests and other resources of Mongolia.988

985 During the 1960s, the DPRK provided information to Poland on the following subjects: coal mining (sorting and use of anthracite); education system for mining personnel; production of cast iron in raw condition; methods for fighting pest to hop; and physical and chemical characteristics of vinyl. North Korea supplied tobacco specimen, bean seeds, and specimen and seeds of peach. Poland provided expertise for the following projects: production of vacuum equipment; production of electric bulb parts; design and production of mining equipment (multifunctional machine for coal mining and pneumatic lifter for coal shaft); familiarization with coal mining; production of gun for coal industry; familiarization with practice of international insurance; management of metallurgy plant; river ship building; production of fishing nets; consulting in production of construction materials; construction of vertical shafts; production of paints; technical documents for battery lamp; and others.

Ibid., 62, 63

986 North Korea requested Hungarian technical assistance in the following fields: familiarization with the medical industry of Hungary; weak-current electrical industry; canned food particularly for children; methods for correcting river beds; building hydro power plant in villages; etc.

Ibid.

987 The Hungarian Academy of Science was to receive six scientists for PhD for three years and other scientists for specialization for the same period. Then both sides had to exchange the results from research. North Korea had to prepare of list of institutes and research fields in which research can be conducted by Hungarian specialists.

PA MfAA, C6853, Memo from the embassy of the GDR in the DPRK, Meeting with the Second Secretary of the Hungarian Embassy Garaiski on December 3, 1971, Pyongyang, December 6, 1971, 185-186

988 The DPRK wanted to establish higher level intergovernmental commission for economic and technical cooperation with Mongolia. In their exchanges North Korea provided expertise in traditional medicine; use of pressed wood waste; familiarization with (North Korea’s) forest industry; supply of seaweed for medical purposes and mainly for lab analysis; supply of special sort of ginseng for sowing which could grow in Mongolian conditions; etc. Mongolia was obliged to supply seeds of Siberian white pine; supply of seeds of medicinal plants; supply of water animals; and others.

AMFABG, Opis 28, delo 88, 1932, Report from the Bulgarian embassy in the DPRK, Science and Technology Cooperation between the DPRK and the Socialist Countries in Recent Years, chancellor Hristo Pavlov, Pyongyang, July 1972, 66
Technological cooperation between North Korea and other socialist countries remained an important channel for knowledge and skills required for North Korean economic development. The DPRK was not an equal partner in these agreements as the socialist countries provided industrial know-how while receiving limited technical information from Korea, mostly in the area of agriculture. North Korean regime minded the asymmetrical cooperation because it ran counter to the Chuch’e doctrine. At the same, industrial development required transfer of know-how from abroad and the DPRK expanded its economic relations with the Soviet-led camp after 1965 in order to get access to valuable technical information. Undoubtedly, North Korea was uneasy with the unequal partnership in the technological sphere, but a more pragmatic approach prevailed over ideology in the second half of the 1960s and in the early 1970s. By contrast, the DPRK and its socialist allies tried to maintain a balance in their trade relations. Trade became a more important tool in the economic relations between the DPRK and socialist countries in the 1960s, compared to their relations in the 1950s.

North Korea’s perception of Soviet camp and assistance

The perception and the tone on socialist cooperation and assistance dramatically changed in the North Korean media after 1960. It was a stark contrast from the warm atmosphere of the 1950s. The North Korean regime feared a “spill-over” effect of the 22nd Congress of the CPSU in October 1961, which confirmed the de-Stalinization course, by containing the Soviet influence in the DPRK through tightening censorship control. In December 1961, North Korea stopped the broadcast of Radio Moscow on Radio Pyongyang and ceased the circulation of Pravda and Komunist, which dealt with Stalinism.\(^{989}\)

The North Korean reception of socialist aid turned from gratitude to cool attitude and

\(^{989}\) Szalontai, 181
later to ignoring contributions of the socialist countries to the domestic economy. For one thing, the socialist aid virtually stopped in the first half of the 1960s, but North Korea would belittle and even distort prior socialist assistance. An article in Rodong Sinmun (September 7, 1964) asserted that the Soviet Union supplied equipment for the chemical plant in Hŭngnam, the textile factory in Pyongyang, and other enterprises on higher prices than the world levels, while importing tens of tons of gold and colour metals on bourse prices. Even if not all the equipment for these plants was supplied for free, as Russian source pointed,\textsuperscript{990} it was provided on loans with favourable terms (most of which pardoned in fact).

Materials about Eastern bloc countries became a rarity in the local media.\textsuperscript{991} The East German ambassador in Pyongyang K. Schnedewind complained for the unsatisfactory coverage of the “German question” and the “Berlin problem” in the North Korean media in 1962.\textsuperscript{992} The downward trend in the local media became more evident after the Sixth Congress of the SED in January 1963 (the head of North Korean delegation Ho Dam was not allowed to deliver a speech due to DPRK’s pro-Chinese position). The coverage of the GDR in North Korean media was confined only to brief announcements and protocol diplomatic exchanges.\textsuperscript{993}

\textsuperscript{990} Bazhanova, 33
\textsuperscript{991} In 1962, the Bulgarian embassy provided 60 articles to North Korean newspapers and magazines and only five of them were published. Aside from article on Georgy Dimitrov (16\textsuperscript{th} anniversary of his death) and exchange of protocol greeting telegrams for national holidays, nothing could be found in the local media on Bulgaria in 1965. AMFABG, Opis 19, delo 39, 730, Annual report on the work the Bulgarian embassy in the DPRK, 1962, charge d’affaires L. Stoyanov, Pyongyang, January 1963, 7-8
AMFABG, Opis 22, delo 91, 1584, Annual report on the work the Bulgarian embassy in the DPRK, 1965, charge d’affaires Ljuben Pavlov, Pyongyang, January 10, 1966, 6-7
\textsuperscript{992} The Korean media published 27 articles on the GDR in 1961. It published 22 articles and 8 information reports on East Germany and the German issue in 1962.
PA MfAA, A7078, Annual report from the embassy of the GDR in the DPRK, Relations between the GDR and the DPRK in 1961, ambassador K. Schnadewind, Pyongyang, January, 1963, 115
PA MfAA, A7126, Annual report from the embassy of the GDR in the DPRK, Relations between the GDR and the DPRK in 1962, ambassador K. Schnadewind, Pyongyang, January, 1963, 253-254
\textsuperscript{993} PA MfAA, A7126, Annual report from the embassy of the GDR in the DPRK, Relations between the GDR and the DPRK in 1963, ambassador Becker, Pyongyang, January 15, 1964, 49-50
Summary

The ambitious Seven Year Plan (1961-1967) was fulfilled only in 1970, and in some sectors it failed to meet targets even by that time. Although there was an attempt to balance heavy industry with promotion of light industry and agriculture, the economic gains were doubtful, at least as indicated in the living standards of the people. The investment inertia in heavy industry created misbalances in the economy. Large military spending (on average 30-32 percent of national budget) burdened tremendously the economy. The Chuch’e paradigm pushed the nationalist agenda but had costs as well. The relative isolationist policy contributed to the economic problems, which forced the North Korean leadership to adjust its economic and foreign policies. Party interference in management of factories (‘Taean’ system) abated after 1965 and the North Korean leadership even halfheartedly adopted some market-oriented rhetoric, such as material stimuli, cost, and price. However, ideology and politics retained its significance in managing the economy through mobilization of “free” labour.

Politics mattered in the economic relations between North Korea and socialist countries. The mid-1960s was a watershed in economic ties to the Soviet-led bloc, as trade intensified and negotiations for new loan agreements resumed. The improvement of relations followed Khrushchev’s ouster from Kremlin in 1964 and the realization by the North Korean leadership of the cost of stalled economic relations for the domestic economy. To that extent, we argue that politics also had limits in the impact on economic relations. As Chuch’e ran supreme in DPRK’s domestic and foreign policy in the first half of the 1960s, the North Korean leadership could not afford cutting off military and economic ties to the Soviet Union. North Korea’s trade with the Soviet camp was more or less steady during that period, albeit not very active. Some industrial projects agreed upon from the 1950s were implemented in the early.
1960s with the help of the Soviet Union and East European countries. Also, after the improvement of relations after 1965, North Korea continued to pursue a self-reliance policy but it became increasingly an ideological tool for domestic use and less of a foreign policy paradigm.

The socialist aid in the 1960s came in the form of loans totalling 745 million rubles (820 million dollars). These loans were from seven countries: the Soviet Union, China, Czechoslovakia, East Germany, Poland, Romania, and Hungary. The bulk of the loan amount was for financing construction and equipment of plants. Another portion of the loans (from the Soviet Union and China) was for military purposes and a third portion was designated for trade. The conditions of loans were favourable: low interest (between two and three percent) and the repayment was mostly in kind, including raw materials and production from plants which were financed by the credits (not to mention that the repayment was delayed and rescheduled on numerous occasions). The Soviet Union was the biggest creditor of North Korea with 460 million rubles. China provided loans for 141.7 million rubles, Czechoslovakia – 87.1 million, and so forth. The loans were two types: industrial and trade. Three countries financed at least 29 industrial projects in North Korea: the Soviet Union with 13 projects, China – 10, and East Germany – 6. The other countries provided mostly trade loans. The direct aid stopped, except some carry over portions of agreements from the 1950s, reflecting the new character of relations between the DPRK and the Soviet bloc countries. The amount of loans in the 1960s was less than the fraternal aid in the 1950s. Despite its significance for North Korean economy, the total loan amount in the 1960s was similar to the annual trade volume between the DPRK and socialist countries in 1971, underscoring the shift toward trade in the structure of North Korea’s relations with international socialist economy.

Another form of aid was technical assistance, provided through sending specialists to
industrial sites in the DPRK and training of local specialists. A new form of assistance emerged by establishing bilateral inter-government commissions for science and technology cooperation. The assistance included giving information on know-how and production techniques in various industrial sectors and education of North Korean students and specialists in socialist countries. North Korea also accepted students and specialists from socialist countries and provided information on production methods for the sake of cooperation principle. But the scale and content of exchanges were one-sided, as North Korea was mostly on the receiving end of the cooperation.
CHAPTER NINE

Trade – trademark of relative consistency in North Korea’s economic relations

Trade became a more important tool in economic relations between the DPRK and socialist countries in the 1960s, compared to relations in the 1950s. Trade levels showed a remarkable consistency during the turbulent years of the 1960s, despite some fluctuations in the first half of the decade. Moreover, the North Korean government actively developed trade ties and expanded them beyond the boundaries of the socialist world. The DPRK did not match East European countries in the scale of its foreign trade, but it pursued an aggressive policy and developed a comprehensive network of trade ties around the globe. North Korean trade organizations were structured along the country’s industrial sectors. Negotiators displayed skills and toughness in trade negotiations. Their socialist counterparts also worked in sectoral trade organizations, and trade was mediated thorough trade missions and ministries of foreign trade. As relatively autonomous institutional players, these state agencies were part of an evolving international “socialist market.” There were price distortions, political interventions, and barter trade, but trade relations in general amounted to forms of market interactions and exchanges among players, each with its own interests and policies. Like other socialist states, North Korea was one of the “agents” in the international socialist market.

Chuch’e and trade

Despite the relatively poor relations between the DPRK and the Soviet-led bloc in the first half of the 1960s, their trade relations avoided major disruptions and increased considerably after 1964. North Korea retained a slight negative balance in its trade with socialist countries. In
1961, trade agreements between the DPRK and socialist countries amounted to 276.9 million rubles. North Korean exports to the bloc were worth 133.6 million rubles, while imports were valued at 143.3 million rubles. Trade with the socialist world increased in 1962 to 308.4 million rubles, with North Korean exports valued at 149.6 million rubles and its imports at 158.8 million. There was a decline in total volume in 1963 and 1964, when trade dropped to 294.8 million rubles and 278.6 million rubles respectively. While we cannot dismiss the decline, the reductions were not considerable, given the Chuch’ e doctrine and the poor relations the DPRK had with the Soviet Union and East European countries at the time. The decline in total foreign trade (including all countries) was also insignificant – from 339.3 million rubles in 1963 to 329.6 million rubles in 1964. North Korea’s trade with non-socialist countries expanded gradually except 1963.

Foreign trade constituted 14.2 percent of North Korea’s GNP in 1963 and 12.5 percent in 1964. Despite the reduction in the relative share of trade in the economy, the considerable absolute volume of trade underlines the relativity of the self-reliance dictum in the economic

994 PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
995 Ibid.
996 In 1963, the plan of trade between North Korea and the socialist world amounted to 324 million rubles (realized 294.8 million): North Korean export – 161.8 (realized 144.6) and import for 162.2 million (150.2). In 1964, the planned trade volume decreased to 305.3 million rubles: export – 157 million and import – 148.3 million. North Korea exported goods for 147 million rubles and imported for 131.6 million, which made the total volume 278.6 million rubles. AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9 And Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30
997 In 1961, DPRK’s trade with non-socialist countries was worth 71.8 million dollars, in 1962 – 81 million, in 1963 – 76.8 million, and in 1964 – around 87.5 million dollars. PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
998 The calculation is based on North Korea’s GNP in 1963 for 4825.3 million dollars and in 1964 – 5307.8 million by using the official exchange rate. If we use DPRK’s trade exchange rate the GNP becomes 2,632 million dollars in 1963, so the trade would be 14.2 percent. In 1964, the GNP was 2,895.1 million dollars so the share of trade would be 12.5 percent.
realm. Furthermore, while Chuch’e had an impact on the DPRK’s economic relations, we can observe its relative effect on trade relations in particular. In other words, Chuch’e policy was not as isolationist in the realm of trade as one might expect. Moreover, while DPRK’s trade with socialist countries in the period 1961-1964 remained stable, it increased 100 percent between 1964 and 1970. Increased trade was a form of dependency, but North Korea seemed to further distance trade relations from the Chuch’e ideology in the second half of the decade.

In 1966, total trade volume was estimated at 451 million rubles. In 1968 it increased to 588 million rubles. The plan for 1969 called for 755 million rubles, but the actual trade was below that figure, probably around 600 million rubles. In 1970, the foreign trade volume of the DPRK amounted to 692 million rubles, while in 1971 it reached a milestone of 1 billion rubles. Imports increased even faster – 16 percent versus 8 percent for exports. Overall, exports increased by 90 percent from 1960 to 1969. The portion of foreign trade in the national income increased to 18 percent in 1970 and 20.6 percent in 1971, compared with

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999 PA MFA, C316/78, Report from the Ministry of Foreign Affairs of the GDR, Economic Development of the DPRK, Berlin, March 1972, 32
Statistics from Bulgarian report shows even larger share of trade with socialist countries in 1971 – 80 percent.
AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 46
1000 AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, first secretary Apostol Apostolov, Pyongyang, November 28, 1969, 187
1001 In a Bulgarian trade report cited above, the trade of North Korea was estimated at 625 million rubles in 1970 which was close to our estimate of 692 million rubles. We will use the latter amount because it is based on more recent data.
AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 45-46
The estimates for 1970 and 1971 are based on the distribution of shares of trading partners in DPRK’s foreign trade. We know that Soviet trade constituted 42 percent of North Korea’s trade in 1970 (452.3 million rubles) and 47.8 percent in 1971 (452.3 million rubles). Therefore, we can deduce that the overall trade volume of North Korea reached 692 million rubles in 1970 and 1 billion rubles in 1971.
1002 Ibid.
1003 North Korea’s GNP in 1970 was estimated at 10.838 billion won or 9.031 billion dollars (official exchange course) and 4.217 billion dollars (trade exchange course). In 1971, the GNP was 12.572 billion won, which was 11.326 billion dollars (official course) and 5.327 billion dollars (trade exchange).
See Eui-Gak Hwang, 120
Thus the share of foreign trade in 1970 was 8.4 percent (official course) and 18 percent (trade course). In 1971, it was 9.7 percent and 20.6 percent respectively.
11.5 percent in 1963 and 10.2 percent in 1964. This trend indicates the solid development of the DPRK’s trade relations during a decade of volatile political relations with socialist countries. A Soviet estimate pointed out that North Korea’s trade growth exceeded its national economic growth: a one percent of GNP growth was accompanied by a 1.2 percent growth in North Korea’s exports and a 1.3 percent growth of its imports between 1961 and 1970.\textsuperscript{1004} However, the faster growth of imports over exports indicated a growing dependency on capital goods. The average annual increase of the DPRK’s foreign trade was 11.6 percent between 1961 and 1970, with imports (12.1 percent) growing faster than imports (11.2). The trade grew slower in the first of the decade (1961-1965: 5.6 percent annually) than in the second half (1966-1970: 18.1 percent).\textsuperscript{1005}

If we examine the amount of foreign trade per capita, North Korea lagged behind other socialist countries, thus exposing the regime’s relative isolationism. In 1966, the annual amount of trade per capita was 33 rubles, while in Bulgaria it was 294. This index continued to rise in the North Korean economy and reached 48 rubles per capita in 1968.\textsuperscript{1006} In 1971, it was 54 rubles versus 452 rubles in Bulgaria, a figure which reflected the integration of Bulgaria in the Eastern bloc, but which also pointed to the increasing integration of the DPRK into the international economy.\textsuperscript{1007} Romania and Poland were closer to North Korea in this regard, but still had between three and four times larger per capita trade than North Korea. The ratios of Czechoslovakia, East Germany, and Hungary were between eight and ten times bigger than that

\textsuperscript{1004} Trigubenko, 152
\textsuperscript{1005} Ibid., 149
\textsuperscript{1006} AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, first secretary Apostol Apostolov, Pyongyang, November 15, 1969, 187
\textsuperscript{1007} AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 46
of North Korea. In another gauge of the role of trade in the economy, the value of exports in
the economy of East European economies was between 2.2 and 3.8 times bigger that the relevant
value in North Korean economy in 1970.

As of 1971, the Soviet Union accounted for around 42 percent of the DPRK’s trade
while China accounted for 21 percent. Interestingly, Japan was the third most important trading
partner of North Korea, accounting for 8 or 9 percent of the country’s trade. The GDR accounted
for 5 percent of DPRK trade. Other important partners were Cuba, Romania, West Germany,
Czechoslovakia, Poland, Bulgaria, Hungary, Mongolia, Vietnam, and Albania. The DPRK
developed an extensive network of trade offices around the world. As of 1969, the DPRK
operated trade missions in at least 42 countries, including Singapore, Lebanon, Kuwait, Uruguay,
France, Austria, and Finland, in addition to the 35 states with which it had diplomatic relation.
North Korea had consulates in five other countries. The largest share of North Korea’s
exports consisted of raw materials and construction materials: in 1962 and 1963 these amounted
to 82.3 percent and 84.6 percent of exports. The share of machines in North Korean exports in
1962 was 4 percent and in 1963 – 2.7 percent. Poor quality and old models were blamed for these
poor results. At the same time, the share of machines in North Korea’s imports increased from
26.4 percent in 1962 to 28.1 percent in 1963 and to 30 percent in 1964. Raw materials (including
oil) and construction materials were also key import items (65 percent in 1962 and 1963), as

1008 As of 1970, the DPRK had 50 rubles per capita amount of trade while Poland had 198 rubles, Romania – 169
Trugubenko, 154
1009 As of 1970, the value of DPRK’s exports constituted 10 percent of its GNP, 26 percent – Bulgaria, Hungary –
38 percent, East Germany – 25 percent, Poland – 22 percent, Rumania – 22 percent, and Czechoslovakia – 24
percent.
Ibid., 153
1010 AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the
Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972,
46
1011 AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in
the DPRK, first secretary Apostol Apostolov, Pyongyang, November 15, 1969, 190
North Korea depended on supplies from the Soviet Union and China. The portion of raw materials in imports was 45 percent in 1964. In 1964 North Korea reduced its export of more valuable products (magnesium was one such product) which was compensated with an increase in exports of less valuable goods.\footnote{1012}

Raw materials and semi-processed goods was the largest group in North Korea’s exports in 1971, accounting for 63 percent of exports.\footnote{1013} The second group consisted of agricultural and mass consumption products, which occupied 20 percent of exports.\footnote{1014} The third group in exports included machines and equipment, which gradually increased to 10 percent of exports by 1971. Machines were a major portion of the DPRK’s imports due to investment in new plants and the required foreign equipment for them. The second largest group in imports was energy related materials, such coke coal, crude oil and oil products, mainly from the Soviet Union and China. Other import products were tires, medicine, paints, sugar, and cotton.\footnote{1015} This import structure underlines the DPRK’s dependency on supplies of equipment and energy products from abroad.

The upward development of North Korea’s trade with socialist countries was not free of problems, of course. North Korea and other socialist countries failed to fulfill trade agreements.\footnote{1012}{The increase of less valued products in North Korea’s export can be explained to an extent with Soviet agreement to accept them as repayment of debt but also with North Korea’s reluctance to export its valued products. Furthermore, due to reduced deliveries of magnesium and talc from the DPRK (can be considered valued export items for North Korea), the Soviet Union had to start own production of these materials. The export list of North Korea to socialist countries (without China, Albania and Cuba) in 1963-1964 contained the following main items: steel, cast iron, color metals, tobacco and cigarettes, fertilizer, rice, magnesium, talc, graphite, cement, sport shoes, lead and zinc oxide, artificial leather and fabric, textile, apples, etc. AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 10, 12 See also Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 37}{1013}{In this group, black and color metals and related products constituted 33 percent. Magnesium was second largest export material with 17 percent; other materials and products in this group included anthracite, iron ore, tobacco, hop, agar, etc. AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47-49}{1014}{Among them, rice and garment had share of 14 percent, while other products were sport ware, towels, silk fabric, glass and porcelain products, etc. Ibid.}{1015}{Ibid.}
The fulfillment was uneven, with different partners and in different years. It was particularly bad in the first half of the 1960s, when the fulfillment rate in some cases was around 50-60 percent. Politics played an important part in trade relations because it was a powerful means to resolve trade problems. For example, in the first half of the 1960s the fulfillment rate of North Korea’s trade with Romania, Albania, Cuba, and Vietnam was near 100 percent, while it lagged behind in its trade with most East European countries (Bulgaria and Hungary being the worst cases).

The situation improved in the second half of the decade. In 1967, for instance, the DPRK fulfilled 86 percent of its planned exports to socialist countries. The fulfillment rate was still uneven, however, and it revealed problems in the planning process (ambitious targets) and production capacity. In 1968, the fulfillment dropped to 77 percent. According to agreements for that year, North Korea’s exports to Soviet-led camp amounted to 201 million rubles (127 percent increase compared to 1967). The realized export volume was 155 million rubles, or a 109.8 percent actual increase; even so this amount was still 46 million rubles short of the obligations. The socialist countries also failed to fulfill their obligations: the agreed export amount to North Korea was 174 million rubles and the actual deliveries amounted to 142 million rubles or 81.5 percent.1016 North Korea accumulated a trade surplus of 7 million rubles in actual trade (26 million based on agreements) with the socialist countries in 1968. In 1970 and 1971, North Korea fulfilled 70 percent of the export plans, while socialist countries fared better in their export to the DPRK with around 90 percent fulfillment of plans, which generated deficit in North Korea’s trade.1017

As we have observed, North Korean trade increased in the course of the 1960s despite

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1016 PA MfAA, C65/77, Report from the embassy of the GDR in the DPRK, Economic Development of the DPRK in 1968, Pyongyang, February 6, 1969, 53
1017 AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 49
the strong *Chuch’e* bent in its internal policies. It appears, therefore, that as long as economic relations served the economy and were outside the domestic public discourse, trade ties could strengthen rather than weaken the way *Chuch’e* isolationist logic might imply. Self-reliance also served as a means to increase DPRK’s relative autonomy and independence. However, as the economic cost of the deterioration of relations with the Soviet camp became apparent, the North Korean regime started to pursue more active trade policy with socialist and non-socialist countries.

Another important trend in North Korean trade was its attempt to change the country’s position as a raw material supplier. This derived from *Chuch’e* paradigm of a “national economy,” but it had a strong commercial and mercantilist thrust when applied in the realm of foreign economic relations. For example, the North Korean government tried to reduce the share of imported machines, while increasing their share in machine-exports. It also made an effort to increase the share of raw materials and semi-processed goods imported from socialist countries, for example – aluminum from Hungary, rubber and sulphur from Poland.  

North Korea needed raw materials, but it needed machines too. The Pyongyang government made efforts to change the structure of foreign trade in a way that it upgraded its status of a supplier of raw materials and become self-reliant on machinery and equipment. The North Koreans believed that they could manage on their own, but this did not mean stopping of trade. On the contrary, it meant an increase of trade but on different terms – to import less machinery and more raw materials, while trying to export more value-added goods at the same time.

“We could further develop the cooperation with other countries, because we have a self-sufficient and all-sided developed industry. The total volume of the foreign

1018 PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Trade of the DPRK in the period 1961-1964, Pyongyang, April 28, 97-100
trade increased 7-8 times from 1954 until 1965 and the share of the raw material in the export decreased from 67.3 percent to 12.7 percent, while the share of the manufactured goods increased from 32.7 percent to 87.3 percent for the same period… The economics shows, that in small countries like ours and with small population, the industry also can be thoroughly developed. And if we develop this way, not only our economy strengthens and the life of population improves, but it could also contribute to the strengthening of the world socialist system.”

It can be inferred that the leadership was paving the way for re-invigorating the dormant economic relations with socialist countries. The message was that “we could increase cooperation because we are developed and could manage relations with others as equals.” The world socialist system was the international realm for the development and integration of the North Korean economy. It is also indicative that while the party organ grossly downplayed the fraternal help after the war to just 0.5 billion rubles (the help was used effectively because of the principle “everything with our own power”), it exaggerated the advanced status of its economy and its export. North Koreans included metal goods in their definition of “manufactured goods.” In 1964, North Korean exports had the following structure (some of the main items are listed): steel and iron – 40 million rubles; agricultural products (tobacco, apples) – 16 million; chemicals – carbide, talcum, clinker – 16 million; color metals – 15 million; finished goods like textile, house ware and machine tools – 5 million; machines – 3 million.

It is interesting to identify an import substitution trend in the trade relations between North Korea and the socialist countries – to replace high-end manufactured goods especially machines with domestic production. This is probably one of the reasons for reducing the volume

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1019 Rodong Sinmun, August 10, 1966
1020 PA MfAA, 7105, Report from the embassy of the GDR in the DPRK, Pyongyang, August 1966, 27
1021 PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Trade of the DPRK in the period 1961-1964, Pyongyang, April 28, 97-100
of trade with these countries in some of the years of the first half of the 1960s. The DPRK’s trade relations with East Germany and Czechoslovakia serve as good examples in this regard. As the North Korean government tried to change the structure of its exports, it found it difficult to increase the share of value-added products and, as a result, export volume suffered a setback. An import substitution policy is another sign of developmental strategies in pursuit of industrialized nation status. Therefore, we can conclude that Chuch’e has been overestimated in trying to comprehend North Korean policies and society in general. While it is obviously an important concept, it does not explain everything, and trade is an example where moving away from Chuch’e can yield important insights into North Korean behaviour. Climbing the ladder of industrial development, import substitution, and mercantilism are ingredients of a developmental state. Chuch’e and communism were the North Korea’s ideological concepts of structuring the state and society but in broader perspective its economic policies had also universal developmental meanings.

The concept of comparative advantage (specializing in products which can be produced more efficiently than other countries) certainly did not exist in North Korean officials’ trade manuals. Moreover, this concept went against the grain of self-reliance policy which aimed at “producing everything.” But when deciding what North Korea could sell to others, the government officials had to offer products that others would buy. The need for foreign currency in order to purchase capital goods for the economy preconditioned a more pragmatic approach in the DPRK’s foreign trade relations. This trend became more pronounced after 1965, when North Korea abandoned its relative isolationism toward the Soviet camp. The expansion of trade ties to the capitalist countries further solidified the regime’s pragmatism. The improved relations with the Soviet bloc countries in the second half of the 1960s and the beginning of the 1970s softened
Pyongyang’s attitude toward COMECON. The growth of bilateral trade with socialist countries further exposed the weakness of Pyongyang’s isolation from formal economic structure for international economic cooperation and integration. It was no surprise, therefore, that in 1972 the DPRK resumed its participation in the work of COMECON as an observer and cooperated in the foreign trade commissions of the organization in order to better coordinate the bilateral trade plans with member states.\(^{1022}\)

Export-led growth was not a clear policy objective of the North Korean government. Even compared with its socialist brethrens, North Korea lagged behind in terms of the share of exports in the economy. However, the promotion of exports of high-valued products in order to increase revenue is part of the North Korean state’s developmental logic, which is intertwined with the country’s integration into the socialist economic system. No doubt, the North Korean economy cannot be categorized as a market economy, but the regime’s developmental policy can be formulated within the structure of state-owned economy and can pursue similar, if not identical, objectives as a market economy – reaching higher economic standards and the status of an industrialized country. In its socialist version, such policy directly reflects the ideology of a “superior system” and in the North Korean case had immediate practical implications for the Korean unification strategy. Since the socialist system was believed to be the ultimate winner in the world competition with capitalism, the industrial and trade policy of PDRK targeted long-term objective of achieving unification by bigger economic and hence military capabilities. Therefore, we have to go beyond Chuch’e to adequately describe North Korean economic goals. At the same time, Chuch’e ideology affected the methods and the policies of the Pyongyang government to achieve these goals, as nationalism and socialism colluded into “socialist nationalism.” Self-reliance was North Korea’s nationalist agenda, as the regime strived not to

\(^{1022}\) Bazhanova, 107
allow much dependency. However, the economic logic and the need to trade with others had an important impact on policy corrections and the adoption of a more pragmatic policy even if it meant increasing dependency.

**Socialist integration: web of bilateral trade relations**

*The Soviet Union and China*

It is not an exaggeration to state that trading with the Soviet Union was vital for North Korea. Despite strained relations, except for 1964, North Korean-Soviet bilateral trade increased from 1961 to 1965 by an overall 12.5 percent. The DPRK had trade surplus from 1961 to 1963 and a slight deficit in 1964 and 1965 (see table 7). The Soviet side more often than its North Korean partner, failed to meet the agreed upon export targets. Both countries exceeded the plan in 1965. Most likely they signed additional protocols (as in the following years) to reflect increasing demands and an improved atmosphere in bilateral relations. The Soviet Union increased the deliveries of machines and equipment which constituted half of the Soviet exports in 1965. At the same time, half of the North Korean exports consisted of metal products.

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1023 In 1963, the Soviet Union exported machines and equipment (worth 19.4 million rubles), tires, oil products (437,000 t), cotton, pipes, black metals, aluminum, alloys, iron ropes, armored cables, aluminum wires, chemicals, and wheat. Among the main items in Soviet exports in 1964 were machines and equipment (worth 19.5 million rubles), oil products (400,000 t.), alloys, cotton, synthetic rubber, pipes, and others. MVTSSSR, 1967, 67.


Also, AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8.


1024 The Soviet exports in 1965 contained extensive list of 151 positions. The value of the main items were as follows: machines and equipment – 26.2 million rubles; equipment and materials for complete factories – 11.8 million; oil and synthetic fuels – 14.3 million; black metal products – 5.9 million; tires – 3.1 million; cotton fibre – 7.4 million; corn – 5.5 million (100,000 tons); etc. The main items in DPRK’s exports to the USSR were: black metals – 35.2 million; construction materials – 9.2 million, color metals – 6.5 million (lead 4.5 million); tobacco – 5.5 million, cigarettes – 1.9 million, rice – 5.5 million (43,500 tons), apples – 4.3 million (32,800 tons), magnesium powder – 6.9 million, etc. MVTSSSR, 1967, 67, 148.
The trade between the Soviet Union and North Korea doubled from 1966 to 1970. In 1966, the bilateral trade was worth 160.1 million rubles, which was at the 1965 amount level (and similar structure), but in excess of the original plan and with a positive balance for North Korea. For the first time, the DPRK exported machines (although in symbolic amount of 17,000 rubles) to the Soviet Union. This trade expanded to 196 million rubles in 1967 and to 263 million rubles in 1968, but also marked a large North Korean trade deficit. Part of the reason for the increase in bilateral trade was additional protocols, which also included North Korean supplies of equipment to the USSR and Soviet supplies of raw materials. However, the North Korean

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1025 The bilateral trade in 1966 exceeded the original agreement of 137.6 million rubles (in which North Korea had planned surplus of 22 million rubles). The Soviet exports slightly decreased to 77 million rubles and the number of products also decreased (139 items) from the previous year, but they exceeded the planned value of 57.6 million rubles.

The main items of Soviet exports to North Korea in 1966 included machines and equipment – 26.5 million rubles; equipment and materials for complete factories – 15.8 million; oil and synthetic fuels – 13.8 million; black metal products – 4.1 million; tires – 3.6 million; cotton fibre – 7.1 million; wheat – 8.2 million (118,000 tons), and others. DPRK’s exports to the USSR in 1966 increased to 83.1 million rubles (with 48 products) but fell short of the agreement for 90.3 million rubles. The main products in North Korea’s exports were black metals – 33.8 million rubles; construction materials – 11.4 million, colour metals – 5.8 million (lead 3.8 million); tobacco – 3.4 million, cigarettes – 3 million, rice – 9 million (71,600 tons), apples – 3.8 million (29,000 tons), magnesium powder – 5.4 million, and others.

1026 In 1967, the Soviet exports amounted to 99.3 million rubles and the North Korean exports to around 97.2 million rubles (plan 101.9 million), thus making the total 196.5 million rubles. Among other products, the Soviet Union delivered 400,000 tons of materials to North Korea: coke coal, gas coal, heating oil, and salt.

1027 The original agreement in 1968 amounted to 250 million rubles (about 125 million rubles for each side) and the
trade deficit with the Soviet Union increased rapidly after 1968 and underscored the DPRK’s increasing dependency on Soviet supplies of capital goods for its economy. Due to increases in Soviet exports to North Korea, the bilateral trade further expanded in 1969. North Korea failed to keep up with the pace and could not meet agreed to supply of goods worth 63 million rubles to the Soviet Union in 1969.1029

Table 10: Soviet-North Korean trade, 1962-1970 (million rubles*)

<table>
<thead>
<tr>
<th>Year</th>
<th>USSR exports</th>
<th></th>
<th></th>
<th>DPRK exports</th>
<th></th>
<th></th>
<th>Total</th>
<th></th>
<th></th>
</tr>
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<td></td>
<td>Plan**</td>
<td>Actual</td>
<td>Plan</td>
<td>Actual</td>
<td>Plan</td>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>83.2</td>
<td>72.6</td>
<td>78.0</td>
<td>79.4</td>
<td>161.2</td>
<td>152.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>72.0</td>
<td>73.9</td>
<td>83.0</td>
<td>79.3</td>
<td>155.0</td>
<td>153.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>74.0</td>
<td>72.6</td>
<td>148.5</td>
<td>147.2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1965</td>
<td>73.8</td>
<td>80.8</td>
<td>75.4</td>
<td>79.5</td>
<td>149.2</td>
<td>160.3</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1966</td>
<td>57.6</td>
<td>77.0</td>
<td>90.3</td>
<td>83.1</td>
<td>147.9</td>
<td>160.1</td>
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<td>1967</td>
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<td>99.3</td>
<td>101.9</td>
<td>97.2</td>
<td>194.7</td>
<td>196.5</td>
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<tr>
<td>1968</td>
<td>143.0</td>
<td>155.0</td>
<td>140.0</td>
<td>108.8</td>
<td>283.0</td>
<td>263.8</td>
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<tr>
<td>1969</td>
<td>143.0</td>
<td>181.4</td>
<td>203.0</td>
<td>113.9</td>
<td>346.0</td>
<td>295.3</td>
<td></td>
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<tr>
<td>1970</td>
<td>n/a</td>
<td>207.0</td>
<td>n/a</td>
<td>122.3</td>
<td>380.0</td>
<td>329.3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* New rubles

** Agreed bilateral trade plans

In 1970, the bilateral trade reached a record amount of 329 million rubles, with the Soviets accruing a large surplus of 84.7 million rubles. One of the reasons was the sharp increase

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1029 According to the bilateral trade agreement in 1969, North Korea had to increase its deliveries to the Soviet Union by 88 percent compared to 1968, but managed only by 5 percent increase.
Bazhanova, 58
in Soviet deliveries of machines (90 million rubles), based on a credit agreement for supply of plant equipment to North Korea.\textsuperscript{1030} At the end of the 1960s and early 1970s, North Korea also increased its deliveries of more valued products.\textsuperscript{1031} However, North Korea failed to deliver goods worth 38 million rubles to the Soviet Union,\textsuperscript{1032} confirming North Korea’s production capacity problems. In 1971, Soviet-North Korean trade jumped to 452 million rubles due to a sharp increase in Soviet exports (amounting to 330.1 million rubles) which further widened the trade cap between the two countries.\textsuperscript{1033} The North Korean trade deficit with the Soviet Union increased rapidly after 1968 and underscored the DPRK’s increasing dependency on Soviet supplies of capital goods for its economy. Analysis of the bilateral relations in the 1970s goes beyond the scope of this study, but in order to outline the trend we will mention that North Korea’s trade with the Soviet Union continued to sustain considerable deficits until 1977.\textsuperscript{1034}

Overall, Soviet-North Korean trade almost tripled between 1962 and 1971. Soviet exports increased four and a half times, while North Korean exports increased by 35 percent during that period.

The DPRK was dependent on Soviet equipment, chemicals, and raw materials. For the

\textsuperscript{1030} MVTSSSR, 1982, 16, 88
\textsuperscript{1031} The bilateral agreements for 1969 was 271 million rubles and for 1970 – 295 million rubles. They included additional deliveries for 75 million rubles in 1969 and 85 million for 1970. In both cases the additional quantities followed the pattern of 1968 as high-end products occupied considerable portion of North Korean supplies. The Soviet Union supplied coal and oil products, while North Korea supplied machine tools (1000 in 1969 and 1200 units in 1970), electric motors, transformers, telephone cables, magnesium, products for black metallurgy, window glass, apples.
\textsuperscript{1032} Bazhanova, 58
\textsuperscript{1033} The Soviet exports in 1971 included machines – 77 million rubles, energy related materials – 150,000 t. coke, 550,000 t. coke coal, and 752,000 t. oil products (gasoline, diesel, and oil residue), 92,000 sets of tires, 11,000 t. cotton, and others.
\textsuperscript{1034} IVANSSSR, 400

PA MfAA, C146/75, Note from the embassy of the GDR in the DPRK, Meeting between East German trade attaché Bolz and Soviet trade attaché Mecherjakov on June 17, 1968, Pyongyang June 20, 1968, 9
PA MfAA, C316/78, Report from the Ministry of Foreign Affairs of the GDR, Economic Development of the DPRK, Berlin, March 1972, 32
Also, AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 47-48
\textsuperscript{1034} IVANSSSR, 400
most part, in its trade with the USSR in the 1960s, North Korea sustained a negative trade balance. Given the principle of balanced trade (as a goal at least), Moscow was flexible in importing a wide range of North Korean products. An example in this regard was a plan in 1968 to construct a plant for cargo wagons in North Korea with Soviet equipment with the purpose of increasing North Korea’s export capabilities. The plan called for an annual export of 5000 wagons to the Soviet Union. The Soviet Union thus appeared to accept machines from North Korea for political reasons. Trade was seen as a means of courting North Korea on its side in the Soviet competition with China, given the Pyongyang government’s eagerness to export value-added products and reach a status of advanced industrial country.

One of the most pressing issues in trade relations between the DPRK and the USSR was the deliveries of coke and coke coal, as North Korea had a hard time securing regular quantities from China for its metallurgical industry. At the end of 1967, the North Korean government urgently requested 200,000 tons of coke coal (mainly for the first quarter of 1968) and a total delivery of two million tons of coal to produce coke. North Korean officials complained to the Soviet deputy prime minister Vladimir Novikov during his visit to Pyongyang that China delivered only half of the promised quantities in the first half of 1968 (the agreed quantity for the year was 1.5 million tons coke coal and coke). As a result, the North Korean government requested 1.2 million tons of coke coal and coke from the Soviet Union for 1969. The Soviet side pledged 800,000 tons of coke coal and 150,000 tons of coke annually. The Soviets virtually

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1035 Such project would take 5-6 years to implement, so the Soviet side agreed to convert a workshop for repair of electrical locomotives into a plant for producing 2000 wagons annually by 1970, while the repair of locomotives could be transferred to a shop in Siberia.
PA MfAA, C146/75, Note from the embassy of the GDR in the DPRK, Meeting between ambassador Henke and the Soviet ambassador Sudarikov on June 7, 1968, Pyongyang June 8, 1968, 14

1036 PA MfAA, G-A360, Note from the embassy of the GDR in the DPRK, The USSR-DPRK Relations, trade attaché Jarck, Pyongyang, March 3, 1968, 37

1037 PA MfAA, C146/75, Note from the embassy of the GDR in the DPRK, Meeting between ambassador Henke and the Soviet ambassador Sudarikov on June 7, 1968, Pyongyang June 8, 1968, 13
fulfilled the North Korean request despite the difficulties caused by logistical problems. The Soviet readiness to help the DPRK can be seen also as part of the Sino-Soviet competition to win over North Korea.

One might expect a boom in Sino-North Korean trade, particularly in the first half of the 1960s due to the special bond between the two countries at the time. But this was not the case – bilateral North Korean-PRC trade was smaller than the trade volume between the Soviet Union and North Korea. The bilateral trade plan increased incrementally from 95 million rubles in 1961 to 110 million rubles in 1965 (see table 11). There are indications that the two sides more or less fulfilled the agreements and that trade was relatively balanced during this period. The high fulfillment rate (in 1965 the actual trade even exceeded the plan) and balanced trade were signs of good political relations. In 1963, bilateral trade between the two countries was about half the amount of Soviet-North Korean trade.

The deterioration of Sino-North Korean relations did affect trade between the two countries, and certainly to a greater extent than the deterioration of relations between the Soviet Union and North Korea in the early 1960s affected their trade relationship. The trade between the PRC and the DPRK reached its peak in 1966, when it approached for the first and only time the levels of Soviet-North Korean trade. Between 1967 and 1969, however, Sino-North Korean trade suffered consecutive setbacks from 1967 to 1970. On the positive side, North Korea almost

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1038 The contracted bilateral trade volume for 1961 was 95 million rubles, whereas imports from China amounted to 47 million rubles and North Korean exports were 48 million rubles. The Chinese exports in 1965 consisted of coal (2 million t.), oil products (10,000 t.), cotton, and synthetic rubber, among others.
PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9
And, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30

1039 Bazhanova points to actual trade in 1965 worth 180.2 million dollars which equaled 139 million rubles. Most likely, the author used exchange rate of 1 USD = 0.75 rubles, given the data in other sources.
Bazhanova, 136
balanced the trade with China in 1970 after sustaining large deficit in 1969.\textsuperscript{1040} The DPRK’s trade deficits with China in the second half of the 1960s indicate its dependency on Chinese supplies of raw materials and other products. But Sino-North Korean trade diminished in significance, constituting 18.8 percent of the DPRK’s foreign trade compared to 47.6 percent share for Soviet-North Korean trade in 1970.\textsuperscript{1041}

\textit{Table 11: Sino-North Korean trade, 1962-1970 (million rubles)}

<table>
<thead>
<tr>
<th>Year</th>
<th>PRC exports</th>
<th></th>
<th>DPRK exports</th>
<th></th>
<th>Total</th>
</tr>
</thead>
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<td>Plan</td>
<td>Actual</td>
<td>Plan</td>
</tr>
<tr>
<td>1962</td>
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<td>47.8</td>
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</tr>
<tr>
<td>1963</td>
<td>45.0</td>
<td>48.0</td>
<td>45.0</td>
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</tr>
<tr>
<td>1964</td>
<td>50.0</td>
<td>n/a</td>
<td>50.0</td>
<td>n/a</td>
<td>100.0</td>
</tr>
<tr>
<td>1965</td>
<td>60.0</td>
<td>72.8</td>
<td>50.0</td>
<td>66.2</td>
<td>110.0</td>
</tr>
<tr>
<td>1966</td>
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<td>86.0</td>
<td>n/a</td>
<td>66.3</td>
<td>n/a</td>
</tr>
<tr>
<td>1967</td>
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<td>1968</td>
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<tr>
<td>1969</td>
<td>n/a</td>
<td>69.0</td>
<td>n/a</td>
<td>33.7</td>
<td>n/a</td>
</tr>
<tr>
<td>1970</td>
<td>n/a</td>
<td>45.6</td>
<td>n/a</td>
<td>40.7</td>
<td>n/a</td>
</tr>
</tbody>
</table>

\textit{Sources: PAMfAA, AMFABG, Soviet data}

The bilateral trade suffered from difficult bargaining and compatibility issues. The Chinese trade representative in Pyongyang confessed to his Czechoslovak counterpart that the North Korean side demanded products which were in demand in China, including cotton, oil, and coke coal. At the same time, North Korean officials insisted on exporting iron ore, anthracite, and ginseng – goods that China had in sufficient quantities – at “surprisingly high prices.” In addition,

\textsuperscript{1040} AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, first secretary Apostol Apostolov, Pyongyang, November 28, 1969, 187

\textsuperscript{1041} Trugubenko, 159
North Korea fulfilled 71 percent of its export obligations in 1968,\textsuperscript{1042} which underlined production problems and lack of political will to resolve trade issues.

The improvement in bilateral relations in the early 1970s increased trade. In 1971, Sino-North Korean trade reached 150 million rubles, the level of 1966, but was half the volume between the USSR and the DPRK.\textsuperscript{1043} Chinese exports consisted predominantly of raw materials.\textsuperscript{1044} One of the reasons for the reduction of the Sino-North Korean trade was that the DPRK could afford to compensate reduced Chinese supplies with deliveries from the Soviet Union. As mentioned earlier, China failed to supply key raw materials (coke coal and oil) to North Korea, while the Soviet Union was willing to provide emergency deliveries.\textsuperscript{1045} By contrast, the DPRK could not replace the Soviet Union with another supplier of capital goods or military equipment without risking major turmoil in its economy and defence stance. The North Korean government had little choice but to maintain relatively stable trade relations with the Soviet Union during the poor spell in their political relations in the first half of the 1960s. The Kremlin in turn also had an interest in keeping its influence in North Korea in the context of Sino-Soviet competition.

\textsuperscript{1042} AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, PRC-DPRK relations, first secretary Apostol Apostolov, Pyongyang, November 28, 1969, 76-77
\textsuperscript{1043} PA MfAA, C316/78, Report from the Ministry of Foreign Affairs of the GDR, Economic Development of the DPRK, Berlin, March 1972, 32
\textsuperscript{1044} Chinese exports to North Korea in 1971 consisted of 2 million t. coke and coke coal, 500,000 t. crude oil and oil products, 10,000 sets of tires, 30,000 t. cotton, among others.
AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 49
\textsuperscript{1045} For instance, in 1968, China fell short 800,000 t. of its pledged delivery of 2 million t. coke coal, and only supplied half of the planned 200,000 t. of oil. As a result, the quantities of these materials were reduced in half in the plan for 1969 – 1 million t. coke coal and 100,000 t. oil. The shortage of coke coal was offset by the Soviet supply of 800,000 tons in 1968 and 800,000 tons in 1969 respectively.
AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Relations between the DPRK and the PRC, charge d’affaires Apostol Apostolov, Pyongyang, July 29, 1969, 76
The trade between the GDR and the DPRK recorded one of the most impressive growth rates in North Korea’s trade relations. While trade between East Germany and North Korea was steady in the first half of the 1960s, it grew very rapidly in the second half of the decade. North Korea enjoyed strong trade relations with the GDR in the 1960s, although it suffered from a deficit after 1964.

We may recall from chapter five that the trade between the two countries dropped by more than half in 1961 compared to 1960 (from 10.2 million rubles to 4.6 million).\textsuperscript{1046} Trade recovered in 1962, but was down again in 1963 (see table 8).\textsuperscript{1047} The GDR fulfilled its exports by 120 percent, while the DPRK met 69 percent of its targets in 1963.\textsuperscript{1048} North Korea allowed East Germany to exceed the agreement because it needed industrial products for its economy. The low fulfillment rate of DPRK exports suggests production problems as the government struggled to supply the agreed quantities on time. Therefore, there was enough flexibility in bilateral trade relations that both sides could adjust their trade based on current needs and capabilities.

The trade between North Korea and East Germany was asymmetrical in content. The largest share of East German exports was in machines and chemical products, while North Korean exports consisted mainly of raw materials and semi-processed goods. But machines were a declining commodity in East German exports to North Korea. For example, the share of machines and appliances in GDR’s exports to North Korea decreased from 71 percent in 1961 and 1962 to 56 percent in 1963 and 43 percent in 1964, while the share of chemicals increased

\textsuperscript{1046} PA MfAA, C161/75, Report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK in 1961, Grabner, head of Korea desk, Berlin, January 25, 1962, 87

\textsuperscript{1047} PA MfAA, C209/75, Report from the Ministry of Foreign Affairs of the GDR, Development of the trade relations between the GDR and the DPRK, Berlin, February 16, 1968, 45

\textsuperscript{1048} The remainder of goods in the DPRK’s export list (tobacco, cigarettes, towels, and raw materials), worth 1.3 million rubles, was delivered in 1964.

PA MfAA, C161/75, Report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK in 1963, Wegrich, head of Korea desk, Berlin, February 20, 1964, 56
from 25 percent in 1961 to 51 percent in 1964.\textsuperscript{1049} This trend is telling for the DPRK’s determination to rely on the development of its own machine industry. The *Chuch’e* policy translated into a decrease of imports of machines in the early 1960s. Furthermore, with the exception of 1969, after 1964, the GDR recorded surpluses in its trade with the DPRK. It is worth noting that the DPRK was supposed to have a surplus in trade, but North Korea failed to meet its export targets.

Table 12: *East German-North Korean trade, 1962-1970 (million rubles)*

<table>
<thead>
<tr>
<th>Year</th>
<th>GDR exports</th>
<th>DPRK exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan</td>
<td>Actual</td>
<td>Plan</td>
</tr>
<tr>
<td>1962</td>
<td>4.0</td>
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<td>4.8</td>
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</tr>
<tr>
<td>1969</td>
<td>10.9</td>
<td>7.2</td>
<td>13.8</td>
</tr>
<tr>
<td>1970</td>
<td>12.2</td>
<td>12.4</td>
<td>14.9</td>
</tr>
</tbody>
</table>

*Source: PA MfAA*

The trade between the two partners further shrunk in 1964 to 4.2 million rubles, but 1965 marked a watershed when the trade volume reached 7 million rubles. The trade agreement for 1965 was rather ambitious, calling for a volume of 11.0 million rubles, including additional protocols; the original plan was for 9.6 million rubles.\textsuperscript{1050} The increase of imports from North

\textsuperscript{1049} PA MfAA, C1089/70, Report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK, Wegriecht, head of Korea desk, Berlin, April 9, 1964, 106
\textsuperscript{1050} A7121, Report from the embassy of the GDR in the DPRK, Trade of the DPRK in the period 1961-1964, Pyongyang, April 28, 1965, 97-100
Korea was on the basis of bigger quantities of more finished or value-added products, such as steel products and cement. Also, re-exports (purchasing from the DPRK and selling to other countries) continued to be an important part of the economic relations between East Germany and the DPRK and were an indirect help to the DPRK.\footnote{The plan in 1965 more than doubled from the previous year (only the annual agreement in 1959 exceeded that amount), reflecting the upbeat mood amidst improving relations. However, North Korea managed to export less than half of the quantities from the expanded agreement. The upward revisions in the plan displayed political will to actively promote bilateral trade. In general, there seems to have been some built-in flexibility in the agreements between the two countries.}

Bilateral trade dropped in 1966, but quickly rebounded in 1967. The trade imbalance also widened considerably at the expense of North Korea. 1968 recorded further increases, mostly on account of a robust increase in the North Korean exports. The trade gap narrowed, so much that in 1969, when the bilateral trade reached 17.5 million rubles, North Korea had a trade surplus.\footnote{More than a third of East German deliveries consisted of spinning machines.}

1970 was another record year as the bilateral trade volume increased to 32.8 million rubles, based on further North Korean export, which exceeded the amount in the agreement.\footnote{The North Korean export to the GDR in 1970 comprised mostly colour metals and silver. The agreed deliveries from the DPRK in 1970 were as follows: 4500 t. semi-processed zinc; 6000 semi-processed lead; 2000 t. raw lead; 1000 t. semi-processed messing; and 2500 t. silver. As a repayment of credits North Korea was to supply: 1300 t. electrolyte zinc; 500 t. electrolyte silver 500 t.; and 2500 t. cadmium.}
In 1971, bilateral trade reached 38.9 million rubles, though North Korea retained a large trade deficit.\textsuperscript{1054} The GDR remained a supplier of valued products, such as machines and chemicals, which exceeded 90 percent of its exports to the DPRK during these two years. At the same time, the share of materials and semi-processed products was about 80 percent of the North Korean exports at the time.\textsuperscript{1055}

Trade relations between the two countries were increasingly lopsided as North Korea’s trade deficit further grew after 1968. The East German government pursued a developmental policy which stressed exports.\textsuperscript{1056} Still, North Korean exports to the GDR increased five times from 2.8 million to 14.1 million rubles between 1966 and 1971, and the trade volume between the two countries increased six-fold (from 6.2 million rubles to 38.9 million rubles) during the same period.

The structure of GDR-DPRK trade did not change considerably in the 1960s or the early

\textsuperscript{1054} In 1971, East German exports amounted to 24.8 million rubles, doubling from the previous year, while the North Korean exports were worth 14.1 million rubles. The East German exports fell 3 percent short of the agreed quantities, while the North Korean exports fell 18 percent short (or by 1.6 million rubles – colour metals and semi-processed goods, among others). Electrical and electronic equipment increased to 57 percent of GDR’s export in 1971 from 54 percent in 1970.

\textsuperscript{1055} In 1970, GDR’s exports to the DPRK had the following structure: 54 percent machines, 36 percent chemicals. Materials constituted 81 percent of North Korean exports. In 1971, GDR’s exports had 60 percent machines and 34 percent chemicals. This is more detailed breakdown of East German exports in 1971: communication equipment for 2 million rubles, precision machines (lathes) for 1 million rubles, polygraphic machines for 0.6 million, diesel locomotives for 0.326 million, optical and mechanical instruments for 0.6 million, 17,000 sets of tires, medicine for 0.1 million, and paints, among others. At the same time, materials held 82 percent share in the North Korean exports in 1971.

\textsuperscript{1056} For example, the East German government set a task for the trade in 1971 as follows: export – 24.3 million rubles and even exceeded the amount, while the import from the DPRK was planned to be only 5.3 million (the actual was 14.1 million rubles). Obviously, both governments pursued their commercial interests and they engaged in uneasy trade negotiations.
1970s, despite North Korea’s efforts to increase its share of more value-added products in its export portfolio. The GDR exported high-value items, such as electric and electronic products, fine optics, chemicals, potassium fertilizer, film and photo materials, machines and equipment for the textile industry. North Korean exports consisted mainly of colour metals and semi-processed metal products, magnesium, chemicals, porcelain, and duck feathers, among others. Furthermore, the GDR financed North Korea’s deficit by providing credit to cover the difference (usually at 2 percent interest). The usual practice was to repay the loans in kind. In 1966, for the first time since 1958, North Korea resumed its participation at the Fall Leipzig trade fair. A forty-member North Korean group of experts sent to the Spring fair in 1967 also toured East German factories to learn about management, organization of production and technology, and the work of factory party committees. The Leipzig Fair was an important forum for North Korea for discussing issues of economic and technological cooperation with the GDR and other socialist countries. North Korea’s absence from the COMECON structure further underlined the significance of the country’s participation in the fair.

The trade between Bulgaria and North Korea followed the general pattern of North Korea’s trade with East European countries, but had some special twists and extremes. The DPRK’s relations with the Soviet camp deteriorated in the early 1960s, but Bulgaria-North Korea relations were hurt hardest by these trends. The tension between Bulgaria and North Korea relations were hurt hardest by these trends. The tension between Bulgaria and North Korea

1057 PA MfAA, C6876, Report from the embassy of the GDR in the DPRK, Relations between the GDR and the DPRK in 1970, ambassador Ferner Osten, Pyongyang, June 17, 1970, 79  
1058 For example, the GDR provided for 12 million rubles to cover DPRK trade deficit as of the end of 1972. The loan was to be repaid from 1974 for six years at 2 percent interest rate.  
1059 PA MfAA, C1089/70, Shortened report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK, Second Quarter of 1966, Merten, head of Korea desk, Berlin, July 4, 1966, 55  
1060 A delegation of 40 North Korean experts sent at the Leipzig fair toured also East German factories to learn about management, organization of production and technology, and the work of factory party committees.  
1060 PA MfAA, C1089/70, Shortened report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK, First Quarter of 1967, Merten, head of Korea desk, Berlin, April 11, 1967, 37
reached a high point in 1963, when the ambassadors of both countries were expelled. The fall out was a result of a diplomatic row that had serious political consequences. As the ideological and political disagreements between the DPRK and the Soviet camp deepened, officials in Pyongyang decided to recall North Korean students from Eastern Europe. Four students in Bulgaria boldly decided not to return and sought asylum from the Bulgarian government – an unprecedented act by North Korean students in Eastern Europe. In their asylum request, dated August 9, 1962, they pointed to the “anti-Leninist course” taken by the KWP after the March Plenum of the CC of the party (the unofficial reason is that they feared repression in their country). The North Korean embassy attempted to forcibly return the students, something which triggered a diplomatic row. As a result, the North Korean ambassador in Bulgaria was expelled. The DPRK then expelled Bulgaria’s ambassador in Pyongyang.1061 The issue of the students plagued bilateral relations even after the start of the improvement in relations between the DPRK and the Soviet Union and the Eastern European countries. North Korea and Bulgaria did not normalize their diplomatic relations until 1968.1062

1061 AMFABG, Opis 18, delo 32, 560, Notes from the Ministry of Foreign Affairs of Bulgaria, Incident with the Four Students, Sofia, September 5, 1962, 1-5
The four students, Yi Chang-jik, Yi San-jong, Ch’oe Dong-jung, and Ch’oe Dong-song, remained in Bulgaria after all and three of them are still living in Bulgaria with their Bulgarian families (one is deceased). The tension between the two countries is said to have been raised before the incident with the four students, according to one of them – Yi Chang-jik. Bulgarian embassy staff was accused of “desecration” of Kim Il Sung’s image (North Koreans probably spotted use of a newspaper with photo of Kim Il Sung as toilette paper….). This rumor might be blown out of proportions but one would expect an angry reaction by North Koreans when their Great Leader’s image was tainted publicly. We can recall the case of the reaction by the North Korean ensemble in South Korea in 2003 when they found a poster with Kim Jong Il’s image torn on the ground.

1062 In 1965, the North Korean position was still uncompromising: unless the students were retuned to North Korea there would be no normalization in relations. The dispute was exacerbated by the fact that the expelled North Korean ambassador from Bulgaria was a close associate of Kim Il Sung. In 1966, there were signs of improvement as North Korea invited the Bulgarian army to participate at the 10th session of the Sport Committee of the Friendly Armies in Pyongyang. North Korean government also asked for the Bulgarian support of the DPRK and the Bulgarian foreign minister Ivan Bashev replied positively. North Korean delegation headed by deputy foreign minister KimYŏng-nam attended the Ninth Congress of the BCP in 1966 and met with Ivan Popov deputy foreign minister. The North Koreans had a reserved attitude, but were not confrontational as they did not attend the congress’ sessions in order to avoid disputes. In 1967, the Politburo of the BCP decided to offer the students “voluntary” return to the DPRK as a gesture of compromise. Obviously, they declined to do that and the Bulgarian authorities were reluctant to expel them fearing
These developments could not fail to have an impact on the trade relations between Bulgaria and the DPRK. Bilateral trade in 1962 was minuscule, merely 1.83 million rubles. The fulfillment rate was very low, barely exceeding 60 percent from both sides. Bulgaria exported wheat, meat, caustic soda, chemicals, medicines, and machines to North Korea, while it imported steel, alloys, cast iron, and food from North Korea.\footnote{AMFABG, Opis 18, delo 32, 578, Trade report from the Bulgarian embassy in the DPRK, 1962, trade attaché Simeon Hristov, Pyongyang, January 1963, 42, 46} In 1963, the trade increased to 2.9 million rubles, but the two countries continued to have problems fulfilling the agreement.\footnote{AMFABG, Opis 20a, delo 72, 1124, Annual report from the Bulgarian embassy in the DPRK in 1963, charge d’affaires Ljuben Stoichkov, Pyongyang, February 5, 1964, 158} The volume of bilateral trade decreased to 2.63 million rubles in 1964. There were difficult negotiations for several products, but both sides tried to iron out the differences, fearful of a further deterioration in relations.\footnote{AMFABG, Opis 21, delo 121, 1505, Notes from the Bulgarian embassy in the DPRK, Normalization of Relations between Bulgaria and the DPRK, Pyongyang, 1965, 37-39} Despite the bad state of bilateral relations, North Korea and...
Bulgaria did not want a complete rupture.

Table 13:  Bulgarian-North Korean trade, 1962-1969 (million rubles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bulgaria exports</th>
<th>DPRK exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>Plan</td>
<td>Actual</td>
<td>Plan</td>
</tr>
<tr>
<td>1962</td>
<td>1.7</td>
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<td>1.4</td>
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<tr>
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<td>1.6</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>1965</td>
<td>1.2</td>
<td>0.7</td>
<td>1.4</td>
</tr>
<tr>
<td>1966</td>
<td>1.4</td>
<td>0.7</td>
<td>1.5</td>
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<td>1.9</td>
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<td>1.6</td>
</tr>
<tr>
<td>1968</td>
<td>2.0</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>1969</td>
<td>3.0</td>
<td>2.4</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: AMFABG

In 1965, trade between the two countries fell to under 2 million rubles. There was no change in trade relations in 1966, when the trade amounted to 1.7 million rubles. It appeared that the two sides tried to maintain “parity” in the fulfillment of the agreements as both refused to meet certain delivery requirement for the other. Besides some technical issues like the poor

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1066 AMFABG, Opis 22, delo 91, 1584, Annual report from the Bulgarian embassy in the DPRK in 1965, charge d’afaires Ljuben Pavlov, Pyongyang, January 10, 1966, 11.

1067 AMFABG, Opis 22, delo 91, 1584, Annual report from the Bulgarian embassy in the DPRK in 1965, charge d’afaires Ljuben Pavlov, Pyongyang, January 10, 1966, 11.

By the end of the year the exported goods amounted to merely 0.27 million rubles, as a shipment of 1,700 t. steel (0.5 million) was carried out next year. The plan was not fulfilled partially because the two sides could not agree on the price of pipes and Bulgaria did not purchase machines and 1,000 t. cast iron which were in the protocols.

AMFABG, Opis 22, delo 91, 1584, Annual trade report from the Bulgarian embassy in the DPRK in 1965, trade attaché Todor Kunchev, Pyongyang, December 30, 1965, 8.

Also, AMFABG, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 36-37.

North Korea refused to accept the import of machines worth 0.2 million rubles from Bulgaria. There was also a problem with the supply of wheat from Mongolia (Bulgaria purchased Mongolian wheat and shipped it to North Korea). In turn, Bulgaria refused to import machines worth 0.2 million rubles from North Korea and also declined to import 2,000 t. thick sheet iron and 2,000 t. magnesium.

AMFABG, Opis 23, delo 77, 1568, Annual report from the Bulgarian embassy in the DPRK in 1966, charge d’afaire Ljuben Pavlov, Pyongyang, January 10, 1967, 5.

AMFABG, Opis 23, delo 77, 1568, Annual report from the Bulgarian embassy in the DPRK in 1966, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 36-37.
quality of goods and disagreements over prices, the two sides had difficulties working out complementary export lists because both were producers of colour metals and tobacco – some of North Korea’s key export items. Poor political relations affected the ability to resolve bilateral trade problems. In addition, North Korea’s refusal to import machines from Bulgaria can be linked to its concept of self-reliance.

There was an attempt to invigorate the trade between Bulgaria and the DPRK in 1967, when it reached 2 million rubles. The fulfillment of the agreement lagged behind, however. For example, the North Korean side did not purchase machines from Bulgaria because it refused to pay in monetary form. 1068 It seems that Bulgaria adopted a policy demanding cash from the DPRK. By contrast, other East European countries allowed North Korea to pay for its purchases in kind. 1069

In 1968, Bulgaria and the DPRK increased their trade to 2.66 million rubles. The positive atmosphere of restored relations affected the trade between the two countries. North Korea did better in fulfilling the plan than its counterpart. Price issues persisted as North Korea demanded double price for iron, for instance, compared to East European countries. 1070 Against the backdrop of normalized relations, the two sides set an ambitious trade plan for 1969 which amounted to 6 million rubles (3 million in exports for each country) – a 33 percent increase in

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1068 AMFABG, Opis 24, delo 60, 1748, Annual report from the Bulgarian embassy in the DPRK in 1967, charge d’afaire Ljuben Pavlov, Pyongyang, January 20, 1968, 5-6
1069 AMFABG, Opis 23, delo 78, 1573, Report from the Bulgarian Ministry of Foreign Trade, deputy minister Dobri Aleksiev, head of trade delegation to Pyongyang in March 1967, Sofia, March 10, 1967, 16
And AMFABG, Opis 24, delo 60, 1758, Annual trade report from the Bulgarian embassy in the DPRK in 1967, trade attaché Todor Kunchev, Pyongyang, February 6, 1968, 4-5
1070 AMFABG, Opis 20p, delo 17, 70, Annual trade report from the Bulgarian embassy in the DPRK in 1968, trade attaché Slavcho Yosifov, Pyongyang, February 6, 1968, 9
And Opis 24, delo 60, 1758, Biannual trade report from the Bulgarian embassy in the DPRK, first half of 1968, trade attaché Slavcho Yosifov, Pyongyang, July 15, 1968, 23-24
bilateral trade from the previous year. The trade reached 4.54 million rubles with small surplus for the Bulgarian side. The structure of trade changed little as both sides traded similar goods, but North Korea indicated more interest in importing machines and equipment. One of the reasons for persistent problems in fulfilling the bilateral plans was the signing of agreements for the sake of maintaining relations. The targets often did not reflect the needs of the countries. In this regard, the Bulgarian embassy suggested that future contracts be more realistic (with more attention to needs, quality, and prices) and oriented toward technological cooperation. The trade between the two countries expanded to 5.9 million rubles in 1970. Despite the problems in the relationship between Bulgaria and North Korea, for most of the 1960s, the bilateral trade increased four-fold from 1960 to 1970, one of the biggest growth rates in DPRK’s trade with East European. Trade between the two countries had began at a low rate, but the upward trend was very strong in the end of the 1960s.

Czechoslovakia was a solid trading partner of North Korea. In 1962, the bilateral trade volume was around 8-9 million rubles. The North Korean wanted to supply Czechoslovakia with low quality textiles and lathes with the purpose of balancing the bilateral trade between the two countries. However, in 1962, Czechoslovakia refused to purchase North Korean lathes. In addition, the North Koreans were obligated to repay 2.5 million rubles of long-term credit. In 1961, North Korea requested 600 lathes from Czechoslovakia, while the latter bought 100 lathes from the DPRK.

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1071 There were the usual difficulties in fulfilling the plan of machines, light industry products, and food. North Korea exported steel, talc, fabrics, knitwear, hemp, agar, etc. There were problems in contracting machines, iron, sheet iron, and bolts and nuts, which were including the protocol. At the same time, North Korea exported more than planned light industry products.

AMFABG, Opis 20p, delo 17, 289, Annual report from the Bulgarian embassy in the DPRK in 1969, ambassador Marin Nikolov, Pyongyang, November 28, 1969, 162-163

1072 Ibid., 169

1073 Bazhanova, 104

1074 We have no data on actual trade volume in 1962, but given the usual fulfillment rate it is fair to assume that it was around 8-9 million rubles. The trade agreement between Czechoslovakia and the PDRK in 1962 was worth 12.3 million rubles – actually the third largest after the Soviet Union and China at that time. Czechoslovak exports to North Korea amounted to 7.1 million rubles while imports from North Korea amounted to 5.2 million rubles. North Korea requested 600 lathes from Czechoslovakia in 1961, while the latter bought 100 lathes from the DPRK.

PA MfAA, A7007, Note from the embassy of the GDR in the DPRK, Meeting between East German ambassador
1963, the bilateral trade volume reached 8.5 million rubles with North Korean trade deficit. There was a reduction in trade in 1964 (7 million rubles) despite the fact that Czechoslovakia provided credits to North Korea. Nevertheless, the North Korean side had a trade surplus that year. 1075 The bilateral trade rebounded in 1965, when it amounted to 11.9 million rubles, but it increased little overall in the second half of the 1960s, reaching only 13.7 million rubles in 1970.1076 Therefore, the volume of trade between the two countries virtually did not change from 1960 to 1970.

The structure of trade between the two countries underlined North Korea’s dependency on import of high valued industrial goods, but the decreasing amounts of imports indicated the North Korean determination to limit this dependency. In 1963 and 1964 around 85 percent of Czechoslovak exports to the DPRK consisted of machines. The main North Korean exports were metals and agricultural products.1077 The structure of trade between the two countries underlined

Schneidewind and the Czechoslovak ambassador Kohousek, Pyongyang, February 16, 1962, 89-90
1075 The plan for 1963 called for 11.4 million rubles in bilateral North Korean-Czechoslovakian trade, a slight downturn from 1962: Czechoslovakia would export 5.6 million rubles worth of goods and import 5.8 million rubles worth of goods from North Korea. As usual, the realized volume was smaller – 8.5 million (export 4.6 and import 3.9). In 1963, the Czech export consisted of machines and equipment for 4.86 million rubles, 400 sets of tires, and chemicals for 250,000 rubles.

In 1964, the plan was for 10.3 million rubles (North Korean export 7.6 and import 2.7) and realized volume reached 7 million rubles, as Czechoslovakia exported goods for 3 million and North Korea exported 4.7 million – only 62 percent of the plan was fulfilled.

In 1964, Czechoslovakia exported machines and equipment worth 2.5 million rubles and 1500 sets of tires. North Korea exported 145 lathes (plan 215), drills for 139,000 rubles (252,000 rubles), metal products worth 21,000 rubles (152,000 rubles), 2,300 t. zinc, 1,100 t. lead, 100 t. electrolyte copper (re-export from Albania), 5,000 t. sulphur (re-export from China), 70 t. color metal sheets (plan 500 t.), fox and rabbit leather for 60,000 rubles (64,000 rubles), 989 t. tobacco (972 t.), 281 t. cigarettes (250 t.), 1,120 t. hemp seeds (2,300 t.), 270 t. beef (500 t.), 182 t. canned fish (100 t.), 2 t. agar (2 t.), and other products worth 100,000 rubles (100,000). North Korea failed to deliver the planned quantities with the exception of tobacco, cigarettes and canned fish, while it did not supply cast iron, tale, and honey. AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9, 13-14 Also, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30, 32
1076 Bazhanova, 104
1077 Czechoslovakia also exported tires, black metals, and chemicals. North Korea exported colour metals, steel products, graphite, leather, tobacco, cigarettes, and agricultural products. It is worth noting that machines (lathes and drills), albeit in small quantity and with partial implantation of the plan, were also included in DPRK’s export list in 1964. The DPRK also re-exported electrolyte copper from Albania (purchased from Albania and sold to Czechoslovakia) and sulphur from China.
North Korea’s dependency on import of high valued industrial goods, but the decreasing amounts of imports reflected the North Korean determination to limit this dependency. But in the latter half of the 1960s and early 1970s the DPRK increased its imports of machines, as the self-reliance policy became less pronounced. Accordingly, Czechoslovakia continued to be one of major suppliers of machines to North Korea.\textsuperscript{1078}

Poland was also among the more active trading partners of the DPRK. In 1963, Polish-DPRK bilateral trade was worth 4.8 million rubles. The trade volume increased to 9.33 million rubles in 1964 as a result of increases in North Korea’s exports to Poland, thus generating a surplus for the DPRK. Poland provided credit to North Korea, and allowed Korea to pay its debts by exporting materials like magnesium. The share of machines in Polish exports increased from 1 million rubles (40 percent of volume) in 1963 to 2.5 million or 83 percent in 1964.\textsuperscript{1079} North Korea was restrictive in its imports of machines, but could not afford to reject machines which were important for the country’s industrial growth.

Bilateral trade between the DPRK and Poland in 1965 was similar to the previous year –
about 10 million rubles. One of the ways for securing loans with no interest (or very low interest) from socialist partners was to take larger delivery responsibilities than capacity allowed. But the North Korean side was unable to negotiate an agreement with Poland on a trade loan (it was called “deliveries with long-term payment”) in 1966. Instead, the two sides agreed to increase North Korean exports. The bilateral trade increased by 14 percent to around 11.5 million rubles in 1966. In the following years, the two countries carried out some sizable deals, including the Polish delivery of 30 airplanes to North Korea in 1971. Poland became the second largest DPRK trading partner in Eastern Europe (after the GDR) in 1970.

Romania was one of the biggest East European trading partners of North Korea in the first half of the 1960s. At the start of the decade, Romania traded very little with the DPRK, with only 1.4 million rubles worth of bilateral trade. However, North Korea-Romanian bilateral trade recoded a major turnaround in the next few years. In 1962 and 1963, the agreed trade volume amounted to 7 million rubles each year. The actual trade between Romania and North Korea

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1080 In 1965, Poland supplied mining machines (2 million rubles), electric equipment (0.5 million), chemical products – paints, rubber (0.7 million), machines for cement industry, etc. AMFABG, Opis 23, delo 78, 1577, Report from the Ministry of Foreign Affairs to the Ministry of Foreign Trade, head of Fifth Department Nikolai Petev, Sofia, February 24, 1966, 1-5

1081 In 1971, Poland also exported medicine for 0.1 million rubles and paints, among others. AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 48

1082 Bazhanova, 104

1083 PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang,
in 1963 was near 7 million rubles (evenly split) so that the trade agreement between the two
countries was fully implemented, which was another exception from the rule in North Korea’s
trade with East European countries. In 1964, Romania became the DPRK’s largest trading partner
in Eastern Europe, surpassing East Germany and Poland by reaching 9.6 million rubles. Also, the
share of machines in Romania’s exports was 32.7 percent in 1963 (worth 1.1 million rubles) and
42.9 percent (2.1 million rubles) in 1964.  

Politics played a role in stimulating bilateral economic ties between Romania and North
Korea. The North Korean government made special efforts to develop relations with Romania.
Kim Il Sung met twice with the Romanian ambassador in Pyongyang in 1963, a courtesy given to
no one except probably the Chinese ambassador. But it was not only a gesture; these meetings
were business-oriented. Kim offered to increase DPRK trade with Romania ten-fold. He also
asked Romanian specialists to drill for oil in North Korea because Kim “did not believe” the
Soviet specialists who said that there was no oil in the country. The North Korean regime

April 10, 1964, 100

In 1963, the Romanian export to North Korea had the following products: machines for 1 million rubles, 15,000
stets of tires, 100 t. oil products, 800 t. pipes, 3,000 t. wheat.
In 1964, North Korea’s exports were worth 4.7 million rubles and its imports – 4.9 million rubles. The Romanian
exports in 1964 consisted of machines and equipment for 2.1 million rubles, 100 t. oil products, 35,000 sets of tires,
4,500 t. wheat. In the same year, North Korea exported the following products: 12,000 t. cast iron, 6,900 t. concrete
steel, 85 t. steel instruments, 5 t. sheet iron, 13 t. hard alloy, 1500 t. ferrous silicon, 300 t. lead, 1000 t. zinc, 50 t.
copper wires, 3,300 t. burned magnesium, 200 t. crystal graphite, 800 t. tobacco, 2,000 t. rice, 100 t. caviar, salt fish,
and other products for 240,000 rubles.
The North Korean exports to Romania in consisted of cast iron, steel, steel instruments, lead, zinc, copper wires,
magnesium, crystal graphite, tobacco, rice, caviar, and fish. Among the planned export, North Korea failed to deliver
450 t. amorphous graphite, 200 t. talc, and 300 t. canned fish.
AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK:
Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9, 13-14
And, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK:
North Korea also made advances to the GDR (the minister of foreign trade met with the East German
ambassador) to increase trade, but with no success. As mentioned, the GDR signed protocols for trade in 1964 which
were only 62 percent of the volume in 1963. When the East European countries demanded better quality of the
imported products the North Korean government perceived these requests as “insult to the Korean working class.” At
the same time, the DPRK reduced the deliveries of color metals to the socialist countries but made supply contracts
with Japan, UK, and West Germany.
AMFABG, Opis 18, delo 32, 578, Annual report from the Bulgarian embassy in the DPRK in 1963, charge d’affaire
viewed Romania as an ally in Eastern Europe probably because of Romania’s nationalist policies and reservations about the close integration in the Soviet bloc. It also seems that the DPRK attempted to play East European countries against each other by closely allying with Romania (and Albania).

DPRK-Romania bilateral relations, however, were not always good. Toward the end of 1964 the bilateral relationship seemed to deteriorate because Romania declined a North Korean request for credit. Bucharest officials argued they had financial constraints and needed credits from other countries. Romania also declined a request for barter trade involving 100,000 t. of corn from Romania for 43,000 t. rice from the DPRK. North Korean request for credit for supply of oil drilling equipment (depth 6000-7000 meters) was also turned down. Romania’s economic difficulties may well have influenced its relations with the DPRK. But it was probably not by chance the deterioration of DPRK-Romania relations coincided with the improvement of Soviet-North Korean relations.

Kim Il Sung’s visit to Romania in 1967 undoubtedly played a role in invigorating the two countries’ economic relations. There was a new momentum in the relations between the DPRK and Romania after Ceausescu visited Pyongyang in July 1971. Of 40 foreign delegations visiting North Korea that year, 20 were from Romania. Still, the good relations did not mean that the

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1086 AMFABG, Opis 21, delo 122, 1516, Letter from the Bulgarian Ministry of Foreign Affairs to the Bulgarian embassy in Romania, director of Fifth Department, Tsolo Krustev, Sofia, August 7, 1965, 1

1087 AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 48
Romania-North Korea trade was equally robust. In fact, Romania lagged behind East Germany, Poland, and Czechoslovakia in terms of bilateral trade with the North Korea in 1970 when Romania-DPRK trade amounted to 12.5 million rubles,\textsuperscript{1088} which was only 40 percent increase compared to 1965 and even to 1960.

Like Romania, Albania enjoyed good relations with the DPRK in the first half of the 1960s. Albania’s trade with North Korea expanded faster than its trade with other East European countries. In 1961, the Albanian-DPRK trade plan amounted to 0.64 million rubles. In 1962, bilateral trade amounted to one million rubles and in 1963, 2 million rubles. In 1964, Albania matched Bulgaria and Hungary in its trade with North Korea, reaching around 3 million rubles.\textsuperscript{1089} In the second half of the 1960s, however, relations between Albania and the DPRK reflected the decline in Sino-North Korean relations.

Hungary was a one of the smaller trading partners of the DPRK. Despite the limited volume, bilateral trade plans increased every year in the period 1961-1963.\textsuperscript{1090} In 1963, Hungarian-DPRK bilateral trade reached 2.96 million rubles. Hungary maintained a positive trade balance with North Korea, which had more difficulties fulfilling the agreement than its counterpart. In 1964, the trade volume decreased to 2.6 million rubles but North Korean exports increased. Hungarian exports dropped to only 0.62 million rubles, though the plan was also low – 0.86 million. North Korea, however, increased its exports to Hungary to 1.98 million rubles (the original plan called for 2.34 million rubles). The predominant part of Hungarian exports was made up of machines – 70 percent (1.23 million rubles) in 1963 and almost 100 percent in

\textsuperscript{1088} Bazhanova, 104
\textsuperscript{1089} PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
\textsuperscript{1090} The bilateral trade plan for 1961 was for 2.2 million rubles (Hungarian exports of 1 million and imports worth 1.2 million rubles). This increased in 1962 to 3 million rubles (1.7 and 1.3). PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
North Korea tried to secure credit in 1965 from Hungary, but the two sides failed to agree on the amount and conditions. In 1970, the value of a bilateral Hungary-North Korea trade reached 5.3 million rubles. North Korea had problems fulfilling the agreement. Although bilateral trade increased in the 1960s, the amount was one of the smallest among DPRK’s socialist trading partners. The dismal trade record belied a lack of political will from both sides to develop strong economic relations. In this regard, Hungary-North Korea trade relations in the 1960s were comparable to the trade relations between Bulgaria and the DPRK during that period.

Cuba had good political and economic relations with North Korea, which harbored affection toward the young revolution. North Korea openly expressed its displeasure at the Soviet “betrayal” of Cuba during the missile crisis in 1963. Trade between the two countries was around 3 million rubles in 1962. In 1963, their bilateral trade amounted to 5 million rubles, evenly split between them, which represented a 90 percent fulfillment of the original plan. In 1964, the volume of trade increased to 5.5 million rubles, as Cuba exported goods for 3.3 million and

\[\text{In 1963, Hungary exported to the DPRK goods worth 1.76 million rubles (the original plan called for 2 million rubles) and imported goods worth 1.2 million rubles (1.67 million rubles), for a total trade valued at 2.96 million rubles. North Korean export to Hungary in 1964 was as follows: 2,818 t. steel (plan 2,600 t.), 200 t. lead (200 t.), 200 t. zinc (200 t.), 100 t. zinc oxide (70 t.), 872 t. carbide (1,200 t.), 12 t. paints (12 t.), 425,000 m. cotton fabric (200 t.), 350 t. tobacco (re-exported from Albania), 10 t. pine resin (10 t.). North Korea failed to supply planned quantities of lathes (20 units), mica (12 t.), soda caustic (2,000 t.) and cattle fur (40 t.). But it supplied in excess of the planned quantities of other products.}

\[\text{AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9, 13-14 And, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30, 34}

\[\text{1093 According to the 1970 agreement, Hungarian exports were worth 3 million rubles and imports worth 4.5 million rubles plus 1 million rubles in kind repayment of loans from the 1960s. Hungary fulfilled its trade obligations under the agreement while North Korea managed to supply only 40 percent of the terms of the agreement and fifty percent of its loan repayments.}

\[\text{In 1971, the agreement stipulated Hungarian export of 2 million rubles and North Korean export for 3.9 million (including 1.9 million as carry over from the previous year plus 1 million as repayment of loan), thus bringing the total volume to 6.9 million rubles.}

\[\text{PA MfAA, C6853, Memo from the embassy of the GDR in the DPRK, Meeting with the First Secretary of the Hungarian Embassy Karsheli, February 1, 1971, Pyongyang, February 8, 245}

\[\text{1093 PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100}

\[\text{AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9}
North Korea – for 2.2 million.\textsuperscript{1095} Cuba was a major supplier of sugar. For example, in 1971, it exported 150,000 t. sugar to North Korea.\textsuperscript{1096} Cuba-North Korea relations demonstrated how good political relations could positively affect bilateral trade in terms of volume and rate of fulfillment of agreements. Cuba surpassed a number of East European countries in its trade with the DPRK.

Vietnam was another close revolutionary ally of the DPRK, sharing a common struggle for independence, post-colonial division and war. This bond translated into close economic cooperation. In 1961, their bilateral trade amounted to 4 million rubles (2 million for each side) and in 1962, it reached around 6 million rubles.\textsuperscript{1097} In 1963, the DPRK-Vietnam trade amounted to 5.43 million rubles, with high rate of fulfillment of the original plan.\textsuperscript{1098} The bilateral trade volume increased to 6.8 million rubles in 1964 as both sides continued to balance the trade and even slightly exceeded the plan.\textsuperscript{1099} North Korea’s exports to Vietnam contained a bigger share of value-added products compared to other socialist countries, indicating DPRK’s higher level of

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\textsuperscript{1095} AMFABG, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30
\textsuperscript{1096} AMFABG, Opis 28, delo 88, 1732, Report from the Bulgarian embassy in the DPRK, Development of the Economy and Foreign Trade of the DPRK in 1971 and 1972, trade attaché Vasil Angelski, Pyongyang, July 4, 1972, 48
\textsuperscript{1097} The planned bilateral trade volume in 1962 was 6.7 million rubles, as North Korean export amounted to 3.5 million and the import from Vietnam – 3.2 million. The two countries usually fulfilled their trade targets. PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100
\textsuperscript{1098} In 1963, North Korea exported goods for 2.73 million rubles (plan for 3 million rubles) and Vietnam exported almost the same amount – 2.7 million rubles (3 million rubles), making the total 5.43 million rubles. AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9, 14
\textsuperscript{1099} In 1964, each side exported goods worth 3.4 million rubles for, even slightly exceeding the plan of 6.7 million rubles (3.36 million for both sides).
The North Korean exports to Vietnam in 1964 was as follows: 800 wagon axles, 2,000 t. concrete iron, 2,000 t. steel, 100 t. lead, 100 t. zinc, 450,000 bricks, 200 t. copper wire, 23,000 t. ammonia sulphate, 1,000 t. soda caustic (re-export from Romania), 16 t. acetylene soda, 50 t. zinc oxide, 34 t. lead oxide, 120 t. artificial silk, 50,000 sq.m. artificial leather, ginseng for 0.38 million rubles, 100 t. tobacco, 30 t. hop, and 2,500 liters ginseng liquor. North Korea did not supply planned 500 t. cast iron, 5,000 t. carbon steel, and 3 t. hard alloys. Vietnam exported materials, such as tin (30 t. in 1963) and tires (5,000 sets in 1965).
\end{footnotesize}
industrialization than Vietnam.

Despite its proximity to Northeast Asia, Mongolia was North Korea’s least important trading partner. Closely connected to the Soviet Union, Mongolia followed some of the characteristics of the dominant pattern of Eastern European countries (baring Romania and Albania) in its economic relations with the DPRK: low fulfillment rate of trade agreements and passive trade in the first half of the 1960s. The planned bilateral trade in 1961 was 1.4 million rubles and in 1962 – 2.8 million, equally divided between the two sides.\(^{1100}\) Most likely the fulfillment in 1961 and 1962 was half (or 70 percent at best), because this is what happened in 1963, for which we have more complete data. The bilateral trade plan in 1963 was 2.63 million rubles but the actual trade reached only 1.29 million rubles.\(^{1101}\) In 1964, the actual trade increased to 1.884 million rubles with improvement of fulfillment rate. Mongolia exported agricultural products while North Korea exported more value added products.\(^{1102}\) This trade structure was similar to the one between the DPRK and Vietnam, as North Korea was at a comparatively high position on the development ladder in Asia. At the same time, political factors hindered more active trade between North Korea and Mongolia.

\(^{1100}\) PA MfAA, A7121, Report from the embassy of the GDR in the DPRK, Foreign Trade of the DPRK, Pyongyang, April 10, 1964, 100

\(^{1101}\) In 1963, North Korea’s exports amounted to 0.72 million rubles and Mongolian exports amounted to 0.57 million rubles.

\(^{1102}\) AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 8-9

\(^{1102}\) The bilateral trade plan in 1964 called for around 2.6 million rubles. North Korea’s exports amounted to 0.95 million rubles and imports amounted to 0.934 million.

North Korea’s exports to Mongolia in 1964 consisted of the following products: porcelain pots for 0.563 million rubles (0.563 million), instruments for 0.2 million rubles (0.6 million), 320 t. calcium carbide (plan 320 t.), 100 t. sodium (100 t.), 138 t. sodium bicarbonate (140 t.), 100 t. lime chloride (100 t.), 100 electrodes (200 units), 200,000 sq.m. glass (200,000 sq.m.), 100 musical instruments (100 units), 300,000 m. silk fabric (300,000 m.), scissors for wool cutting for 20,000 rubles (20,000 rubles), 500 t. rice (500 t.), 39 t. canned fruits (150 t.), 500 t. apples (500 t.), 21 t. honey (50 t.), 12 t. hop (12 t.), 500 kg ginseng (500 kg), and garment for 40,000 rubles (61,000 rubles).

Mongolia exported to the DPRK wheat (3,000 t. in 1963 and 1964) and other agricultural products.

\(^{1102}\) AMFABG, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 29-30, 35
Capitalist countries

Sharp reductions of aid and the stagnation of trade with the Soviet Union and East European countries made the DPRK look for alternative trading channels. And these alternatives could be found in the non-socialist world. In this regard, trade with non-socialist countries can be viewed as a compensatory mechanism in North Korea’s economic relations with the outside world. Furthermore, diversification of foreign trade was a means for the DPRK to become less dependent on the PRC and the Soviet-led camp. The main hindrance in trade with capitalist countries was North Korea’s balance of payment problems. The DPRK resolved this problem in the trade with socialist countries by taking trade credits and offering repayment of debts in kind. This model did not work with the capitalist world. Therefore, North Korea was forced to use its hard-earned foreign currency for payment of imports from non-socialist countries while it continued to “spare” money from the trade with the socialist world, something which meant accumulating and rescheduling debts. There were exceptions to this pattern, including the Netherlands which agreed to receive payments in kind in some cases.

North Korea sent high level delegations to Asia, Africa and Latin America in 1962 and 1963, with little result. The DPRK fostered active trade relations with Japan, Indonesia, Australia, West Germany, the Netherlands, UK, Egypt, Mali, and Algeria, among others. In addition to direct trade with capitalist countries, foreign trading companies and the North Korean government developed channels for re-export of North Korean products. For example, Japanese trading firms traded North Korean tobacco, cadmium, graphite, hemp seed, and honey, to third markets. The Australian firm Harry Berry and Co. and West German Otto Wolf also exported North Korean products to capitalist markets. The DPRK opened trade missions in Austria, the Netherlands, and Finland in 1964, as Austrian firms linked North Korea with French and West
German customers.  

North Korea opened a trade office in Australia in 1964 to facilitate trade between the two countries. Australia exported wheat, wool, equipment, while North Korea exported metals, ore, canned fish, and textile products. North Korea exported to the UK black and colour metals, minerals, ore and ore concentrate, chemicals, and agricultural products, while the UK supplied special lathes, plant and mine equipment, synthetic fabric, sheet iron, and others. In 1964, both sides signed an agreement for 4 million pounds worth of trade. North Korea also imported chemicals, machines, and ships (which it paid in kind) from the Netherlands the same year.  

Trade with capitalist countries in 1963 was estimated at around 40 million rubles. Japan held the largest share among the capitalist world with a turnover of 13.3 million rubles. Ch’ŏngjin became the main port for transport of goods between the two countries and exports to other markets. North Korean exports were raw materials, semi-processed goods, and agricultural products, while Japan supplied mainly valued industrial products. Japan traded North Korean products, such as graphite, cadmium, tobacco, hop, honey and so forth, to other markets. The reasons for the significance of Japan in DPRK’s foreign trade are related to historical links and

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1104 In 1964, the DPRK purchased a 7000-ton refrigeration ship from the Netherlands, for which it paid in kind – 8,000 t. zinc and 1,000 t. lead. It also purchased also 11,000-ton fishing ship (including equipment for processing) with gold, but the North Koreans seemed disappointed because the ship had old equipment.  

Ibid.  

Also, PA MfAA, A7121, Report from the East German embassy in the DPRK, Pyongyang, March 25, 1965, 15  

1105 In 1963, the North Korean exports to Japan included iron concentrate (60 percent iron content), lead concentrate, zinc concentrate, anthracite, magnesium, canned fish, and iodine plants, among others. Japan exported wolfram wires, instruments, pipes, automobiles, paints, chemicals, textile products, whale fat, and so forth.  

In 1964, North Korea exported to Japan the following products: 350,000 t. iron ore, 150,000 t. cast iron, 14,000 t. anthracite, and others. It imported machines, dump trucks, electric devices, electrodes for bulbs, fishing nets, nylon yarn, etc.  

AMFABG, Opis 20a, delo 72, 1130b, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1963, trade attaché Todor Kunchev, Pyongyang, April 16 1964, 16-17 And, Opis 21, delo 122, 1513, Report from the Bulgarian embassy in the DPRK, Foreign Trade of the DPRK: Structure, Trends and Perspectives in 1964, trade attaché Todor Kunchev, Pyongyang, April 5, 1965, 39
the sizable Korean community in Japan which traded with North Korea. It is worth noting that there was at least one known Japanese businessman, a former owner of a mine in colonial Korea, who resumed business with the DPRK by purchasing anthracite that was extracted from the same mine. The contribution of the Korean community in Japan to North Korean economy was considerable, as many Koreans financially supported relatives in the DPRK. Some of the Kim Il Sung regime’s loyalists in Japan migrated to North Korea.

In 1966, bilateral DPRK-Japanese trade amounted to 29 million rubles (31.9 million dollars). Japanese-North Korean trade volume more than doubled in 1967, reaching 66 million rubles (72.6 million dollars). North Korea exported raw materials and metals, while Japan exported high valued industrial products. In 1970, the bilateral trade reached 58 million dollars with slight North Korean surplus. In 1971, the trade between the DPRK and Japan amounted to 100 million dollars (this figure may have included the re-export of North Korean products by Japanese companies).

In the 1960s, Japan became the third largest trading partner of the DPRK after the Soviet Union and China. This was a remarkable development, given that Japan and North Korea did not have diplomatic relations. North Korea’s neighbors, except for the bitter rival in the South, thus

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1106 Ibid.
1107 North Korea exported iron ore (350,000-400,000 t.), raw iron (80,000-100,000 t.), anthracite (15,000-20,000 t.), colour metals, cadmium, and others. Japan supplied electric and mining equipment, fishing vessels, trucks, aluminum, special types of steel, pipes, synthetic fabric (polyester and nylon), paper, and so fourth.
AMFABG, Opis 20p, delo 17, 289, Report from the Bulgarian embassy in the DPRK, The Situation in the DPRK, first secretary Apostol Apostolov, Pyongyang, November 28, 1969, 187
North Korean sources asserted that the trade volume between the DPRK and Japan reached 80 million dollars as of 1966 and that was 70 percent of the trade with capitalist countries. Probably it was meant for more than one year.
AMFABG, Opis 23, delo 77, 1566, Memo from the Ministry of Foreign Trade, Meeting between representatives of the ministry and the trade office at the embassy of the DPRK in Bulgaria, Sofia, February 16, 1967, 1
1108 According to IMF data, North Korea exported goods worth 29.8 million dollars while Japan exported goods worth 28.4 million dollars.
Trigubenko, 166
1109 PA MfAA, C6877, Monthly reports from the embassy of the GDR in the DPRK, January 1972, Pyongyang, February 4, 1972, 86
became its most important trading partners regardless of political system. Still, it was a sea change since colonial time, when 70 percent of Korea’s trade was with Japan and quite different from Japanese-South Korean relations after 1965.

West Germany was also among the most important capitalist trading partners of North Korea. A representative of Hong Kong based West German company visited North Korea in December 1963 (first visit of capitalist German company after 1945) and negotiated export of colour metals from the DPRK.\footnote{PA MfAA, A7126, Annual reports from the embassy of the GDR in the DPRK, 1963, ambassador Becker, Pyongyang, January 15, 1964, 36} In 1965, the West German-North Korean bilateral trade amounted to 14.8 million marks. It decreased in 1966 to 9.1 million marks with a slight surplus for North Korea – 0.7 million. West German exports increased in 1967 to 13.1 million marks versus only 2.8 million of North Korean export, making the total volume 15.9 million marks. 1968 was impressive year as the bilateral trade reached 160 million marks with West German export amounting to 110 million and the North Korean one – 50 million marks. West German exports consisted exclusively of machines and equipment.\footnote{PA MfAA, C161/75, Report from the Ministry of Foreign Affairs of the GDR, Relations between the GDR and the DPRK, third quarter 1969, Ferner Osten head of Korea desk, Berlin, October 13, 1969, 2} North Korea-West Germany trade created one of the largest trade deficits in North Korea’s trade relations. But in 1970, for example, North Korea had a surplus in its trade with its major capitalist partners at the time – Japan, France, West Germany, Italy, and Switzerland.\footnote{According to IMF data, North Korea’s exports to capitalist countries in 1970 amounted to 63.7 million dollars and its imports amounted to 51.3 million dollars. DPRK’s biggest partners after Japan were France with trade volume amounting to 20.9 million dollars and West Germany – 13 million dollars. Trigubenko, 166}

The bulk of the DPRK’s imports from capitalist world were machines and equipment which were necessary for the economy. The reductions of capital and imports of technologies from socialist countries had a negative impact on the North Korean economy and the regime attempted to offset these losses by purchasing equipment from capitalist countries. North Korea
was even more active in developing economic relations with the capitalist countries in the second half of the 1960s, as its self-reliance policy softened. But the active trade relations with the capitalist world exacerbated North Korea’s balance of payment problems.

Summary

Trade became the main form of economic relations with the socialist world. For the North Korean regime, international trade represented a complex mix of political intervention and economic interest. The state of political relations affected bilateral trade, but in various degrees. It seems that Soviet-North Korean trade was less affected by political relations than was the case with Sino-North Korean relations. The DPRK and socialist countries tried to balance their trade as it affected their account balance and their economies respectively. It was not an easy task, given the asymmetric production capabilities of both sides and the list of goods they could offer to their trading partners. North Korea suffered trade deficits in most cases, but there were policy and financial instruments to contain this trend. For example, North Korea was very dependent on Soviet supplies of oil products and coke coal, particularly after the Chinese failed to regularly deliver the required quantities. The Soviet government imported a wide range of North Korean products, including a sizable share of machines and equipment in order to balance the trade. It also helped expanding export capabilities of North Korea by building production facilities for products designated for export to the Soviet Union (cargo wagons, for instance). In the case of GDR-DPRK trade, the North Korean deficit was financed through credits from East Germany on favorable conditions, so it did not affect negatively North Korea’s trade account balance.

Despite its self-reliance and relative isolationism, the share of foreign trade in North Korea’s national income was 14.2 percent in 1963 and 18 percent in 1970. The relatively stable
role of trade in the economy leads us to conclude that Chuch’e had a limited impact on North Korea’s trade and integration into the international socialist system (and to an extent into the world economy) in the longer run. The self-reliance policy had impact in the short run, as the share of trade dropped to 12.5 percent of DPRK’s national income in 1964, for instance. These short-term fluctuations were linked to the conjuncture of North Korea’s relations with its trading partners. Nevertheless, by other measures the role of trade in domestic economy (amount of foreign trade per capita) North Korea lagged behind its East European partners who traded more intensely within their economic bloc and with the capitalist countries. For example, North Korea’s amount of trade per capita was between four and ten times smaller than the amount of East European countries in 1970. Furthermore, North Korea’s attitude toward COMECON remained reserved. The DPRK never was a member state of COMECON and even stopped participating in the work of the organization as an observer between 1962 and 1972. But the DPRK built a network of bilateral economic relations which covered over 40 countries, where it operated trade missions. North Korea was integrated into the socialist system and the form of integration was not a formal organization but a web of bilateral relations. The boundary between aid and trade blurred at times, because on numerous occasions the payment of imports was through favorable credits which in turn were repaid in large part in kind.

No doubt, the socialist countries had a predominant role in the North Korea’s trade network. The scale of socialist trade can lead us to conclude that North Korea remained a part, albeit as a reluctant and ambiguous partner, of the international socialist economy. The DPRK had vital economic links to the two sub-groups of socialist world, led by the Soviet Union and China respectively, despite the volatility in the relations with them. North Korea nurtured economic relations with capitalist countries and expanded its trade network. Most notably, Japan
became its third largest trading partner after the USSR and the PRC, even though it did not have
diplomatic relations with the DPRK. History (the Japanese and Korean economies were
integrated during colonial time), geography, and economic interests played a role in the fast
development of Japanese-North Korean trade.
CHAPTER TEN

Conclusion: Waves of Integration and Divergence

In 1945, the socialist world was represented by only two states, the Soviet Union and Mongolia. North Korea’s socialist world widened when China and other socialist countries became part of the system in the 1940s and 1950s. The number of states which engaged the DPRK economically and politically grew beyond the socialist system in the 1960s. North Korea’s outside world therefore expanded in a parallel fashion to the processes linked to state-building and economic development. North Korea went through a maturation process from being an occupied semi-postcolonial society to becoming an independent state, albeit a divided one. From the perspective of its socialist brethren, North Korea was at first a troubled territory which required a considerable amount of attention, resources and aid (and human sacrifices in China’s case). From North Korea’s perspective, the path towards independence involved a process of emancipation and of becoming an equal partner on the basis of policies of self-reliance and development.

The integration of North Korea into the socialist world had two intertwined aspects. The first aspect was the internal systemic integration which involved the formation and evolution of a North Korean “system” based on socialist ideology, political structure, and governance practices. The second aspect was the DPRK’s external integration into the socialist world through the building of political and economic relations with socialist states. These two aspects are inseparable in the sense that the degree of internal integration determined the scale and intensity of North Korea’s international integration in the socialist world.

Indeed, North Korea’s ties to Soviet bloc countries were based to a large extent on their
systemic “compatibility” with the DPRK, which emulated the Soviet Union in building a
political and economic structure in the 1940s and the greater part of the 1950s. North Korea’s
tendency to align with China in the Sino-Soviet dispute in the late 1950s and the first half of the
1960s was accompanied by a “systemic” closeness between the DPRK and the PRC. During that
period North Korea adopted some Chinese practices, such as accelerated economic growth and
mass mobilization in the form of the Ch’ŏllima movement. In turn, the economic integration
between the two neighbours deepened. Conversely, the spell of frosty political relations with the
Soviet bloc countries during that period accompanied the northern regime’s decision to distance
itself from the Soviet model of development. The economic cost of Pyongyang’s relative
isolationism from the Soviet camp forced corrections in North Korea’s policies and an
improvement of Soviet-North Korean relations by the second half of the 1960s. The improved
political atmosphere facilitated economic cooperation between the DPRK and the Soviet camp.
At the same time, the deterioration in Sino-North Korean relations in the latter half of the 1960s
led to a reduction of North Korea’s bilateral economic ties with the PRC. The improvement in
relations between China and North Korea at the end of the decade led to a moderate DPRK
approach toward the rival Soviet and Chinese camps in the socialist system.

The direct link between political relations and economic integration reveals the
importance of politics in shaping the DPRK’s integration into the socialist system. Furthermore,
ideology shaped the political structure and the cohesiveness of the internal system. And as the
Chuch’e doctrine emerged in the second half of the 1950s and came to dominate North Korea’s
public discourse in the early 1960s, the regime adopted relative isolationism, first toward the
Soviet camp and later toward the Chinese camp. Chuch’e shaped the political structure of the
DPRK, but the reverse is also true. The political structure of North Korea, centred around Kim Il
Sung and the guerrilla group, articulated nationalist ideology, which became a means for the further consolidation of Kim’s power and a shield against internal and external challenges. The doctrine of socialist nationalism became an integral part of North Korea’s political structure. The nationalist doctrine was dressed up in the phrase “our style socialism,” a code phrase and rationale for North Korea’s divergent path away from the Soviet camp.

Diverging ideologically from the Soviet-dominated socialist system determined North Korea’s relative isolationism both in terms of political structure and in terms of relative disengagement from the Soviet bloc. We therefore stress the important role of ideology and politics in determining the scale and character of North Korea’s integration into divergence momentum away from the international socialist system. However, there are important limits to the role of ideology and politics in shaping the DPRK’s place in the socialist world. These limits are defined by the intertwining of politics and economics. One such limitation related to the necessities of North Korea’s economic development, which required a continual flow of capital and technologies from socialist countries. The regime’s economic needs and security concerns softened North Korea’s isolationist bent and its proclaimed self-reliance policy which supposed a “production of everything” in its extremist version. Another limit on ideology and politics was the specific character of North Korea’s bilateral relations with its socialist brethren. Politics played greater role in Sino-North Korean economic relations than on the Soviet-North Korean ones. North Korea was more dependent on the Soviet Union than it was on China for its supply of capital goods, technologies, raw materials, and military hardware. This meant that there were more limitations on the Chuch’e ideology when it came to shaping the Soviet-DPRK relations, even though the self-reliance paradigm first emerged as North Korea’s reaction to dependency on the Soviet Union and to the Soviet influence on the North Korean politics.
Ideology presented the North Korean regime with the most suitable device for pursing an independent course in its international relations. Economic and security imperatives of the country thus imposed restraints on the regime’s ability to carry out its ideological goals. In short, ideology and politics had the potential to act as centrifugal forces of divergence, while economic and security needs of the country represented centripetal forces of North Korea’s integration into the socialist system. The relationship between these two forces determined the relative prevalence of North Korea’s integration into the socialist system or its divergence from it.

This integration helped North Korea withstand the turmoil in its history: the Korean War, the postwar reconstruction, and more recently, the collapse of the Soviet Union and the Eastern bloc. North Korea’s divergence from the socialist system also helped the regime survive foreign pressures such as the de-Stalinization drive in 1956. Additionally, the absence of Chinese or Soviet troops on Korean soil after 1958 helped the regime to control the “spilling” effects from ”disturbances” in the Soviet Union and Eastern Europe (de-Stalinization) or China (the Cultural Revolution). North Korea’s tendency towards nationalist self-reliance policies served as a means of containing ideological “contamination” (“revisionism” or “dogmatism”) and political interference, both of which were damaging to the regime. In various critical circumstances the DPRK was helped either by its integration into the socialist world or by its relative isolationism. This is one of the puzzles of the North Korean system; we have to study these contradictory but also interconnected trends in order to comprehend key events in the regime’s history.

North Korea’s internal integration and divergence

North Korea’s indigenization of communism gave a birth to a “socialist nationalism.” The North Korean system was born in a postcolonial context and was based on a national and
social revolution. At the same time, it took shape under occupation and later evolved as part of an international socialist system. Soviet and Chinese influences had great impact on the formation of the North Korean political economy, although the regime struggled to limit the foreign influences when they were perceived to be “dangerous.”

The North Korean system took shape in the mold of the Soviet system in the 1940s. North Korea depended on the Soviet Union politically and economically, and local authorities willingly emulated their teachers. Thus we can characterize the political process in the environment after the Liberation as a “framed political consensus” for radically transforming society. The process of socialization was “framed” in the context of occupation and there was local consent on the main direction of political and economic reforms. The reforms in 1946 had a defining character for the emerging North Korean system. Land reform, nationalization of industries, a political structure conducive to party monopoly, and broad social reforms laid the foundation of a North Korean political and economic structure and its integration into the Soviet system. At the same time, North Koreans showed determination to gain political autonomy from the Soviet Union. Kim Il Sung represented a determined core of nationalists – former partisans, who took key positions in government, the security apparatus, and the army, not without Soviet help. Kim himself started his way to the top of the hierarchy with Soviet support.

The communist take-over from within was established on the principles of “people’s democracy” which was a broader political platform in the first post-Liberation years, and one of the similarities between North Korea and East European countries. But an important difference was postcolonial society in North Korea which was receptive to radical transformation and the drive for independence. True, North Korea was very dependent on the Soviet Union and China. However, there were powerful centrifugal forces coming from Korean history pulling Korea
away from “systems” (associated with dependency) – the Sino-centric world order in East Asia and the Japanese colonial empire. North Korea’s political “allergy” to “systems” stems from a history of perceived dependency. The North Korean nationalism, which later crystallized in Chuch’e, was a revolution against the gravitation and the historical stigma of Korea’s sadaejuŭi (serve the great). And as a reaction against this legacy, North Korea’s nationalism was bond to be radical. The building of a nation state was the priority for Kim Il Sung and his guerrilla group, who would use anything that helped and would swallow even temporary dependency in the name of a grand national project.

The process of socialization continued during the war and the reconstruction period. The collectivization and structuring of the economy were modelled after Soviet patterns. The regime grew more assertive after the mid-1950s, as North Korea’s economy recovered for the second time after the Liberation period. North Korean’s drive away from the socialist (Soviet) system gained momentum in the context of the increased challenge to Kim’s authority associated with Khrushchev’s liberalization policies. The failure of de-Stalinization in 1956 was a defining moment in North Korea’s history as Kim Il Sung withstood outside pressure and embarked on further consolidation of his regime using repression and the invigoration of personality cult.

Indeed, North Korea was very dependent on socialist countries which gave some fodder for defining North Korea as a “puppet” state, but this was far from the reality. There were a number of occasions which showed the North Korean regime’s assertiveness and determination to pursue its national agenda. Kim Il Sung claimed to achieve the foundation of a “national economy” through the first one year plans in the 1940s when North Korea was still under occupation. North Korean assertiveness reached dangerous proportions in 1950 when
Pyongyang’s regime basically dragged its reluctant partners – the Soviet Union and China – into a war. During the war, Kim Il Sung showed “disobedience” to the Chinese command and after the war quickly purged Pak Il-u, China’s man in the North Korean government. During the reconstruction period, there were some difficult negotiations over the terms of socialist aid to the DPRK. The paternalistic attitude of socialist brethren toward the North Koreans also contributed to North Korean resentment. Some scholars have even linked socialist aid to North Korea with “new colonizers” from the fraternal countries. The relative divergence from the Soviet model ironically resulted in a reassertion of Stalinism in North Korea after 1956, even as the Soviets attempted to break from their Stalinist past during the Khrushchev era. The North Koreans demonstrated more consistency with the Stalinist “roots” of socialism than the Soviets did. Therefore, from the North Korean perspective, Soviet divergence represented a form of “revisionism” within the socialist world. North Korea adopted the label of true socialism as the regime deemed fit for its domestic power hegemony and for the national objectives.

One-party power structure formed as the KWP took control of government apparatus. No matter how tight the control within and without the one-party system (society) was, the sprouts of policy debates took the form of factionalism in the KWP in the 1950s and the 1960s. The party factionalism was the one-party substitution of supposedly plural “people’s democracy.” But with the ascendance of guerilla group the party/state system was fortified. This “petrification” arrested development, so it laid the ground of the stagnation of the system in the longer run despite its evolution and adaptations in subsequent decades.

By the late 1950s the DPRK drifted away from the Soviet model and started to emulate Chinese practices to an extent which can lead one even to argue that North Koreans experienced
the Cultural Revolution before their Chinese patrons. Maoist ideas of permanent revolution\textsuperscript{1113} in politics and “speed ups” in economic policies started to influence the North Korean regime more visibly at the end of the 1950s. The Chinese used the “speed ups” in land reform, collectivization (completed in 1956) and most notably in the Great Leap Forward in 1958. Planning by the bureaucratic apparatus was important, but mass mobilization campaigns were equally, if not more important, at certain stages. Mass mobilization secured the supreme role of the CCP and chairman Mao respectively. Mobilization was one of the tools of societal control, in addition to the coercive power of state. At the same time, a “shortcut” strategy to modernity by “have-nots” (manifested in the Great Leap as Ezra Vogel defined it\textsuperscript{1114}) was a critical element for a more intrusive role of state. North Korea tried to emulate this strategy of acceleration in its Five and Seven Year Plans. The Korean divergence from the Soviet model started when Mao launched the Great Leap Forward. North Korea emulated China’s development strategy of “walking on two legs” – simultaneous development of rural small-scale industry and large-scale enterprises. The rural industries had to support localities (self-sufficiency) and provide surplus for heavy industrialization. North Korea never fully abandoned material incentives the way China under Mao did. The North Korean regime also realized the significance of skilled labour for achieving industrial goals. It also avoided the extremes of the GLF, such as building communes and accelerating food exports at a time of food shortages. In that sense the regime in Pyongyang possessed some pragmatic strains despite its ideological zeal at the end of the 1950s.

\textsuperscript{1113} This is one of the continuities in China’s communist movement, pointed out by Peter Schran, who connected these visions with the Yenan period of Mao and CCP. This vision is based on the premise that revolutionary change is based on small changes in the traditional production methods and radical changes in relations on production. See Peter Schran, \textit{Guerrilla Economy: The Development of the Shensi-Kansu-Ninghsia Border Region, 1937-1945}. Albany: State University of New York Press, 1976.

\textsuperscript{1114} Vogel remarks that the Great Leap Forward was not a “proof of despot’s malicious efforts to enslave a people. It is perhaps more accurate to view the Great Leap as a program devised by determined have-nots who envisioned a shortcut on the path of modernity and fought tenaciously to achieve what was beyond their grasp.” Ezra Vogel, \textit{Canton under Communism: Programs and Politics in a Provincial Capital, 1949-1968}. Cambridge MA: Harvard University Press, 1972, 268.
and in the 1960s.

The mass mobilization and “speed up” in North Korea had limits. Although mobilization in the form of *Ch’ŏllima* gained momentum in the late 1950s and early 1960s, it was accompanied by stronger party control over the economy, involving also micro management (for example, the ‘Taean’ system in which factory party committees assumed full managerial control over factories). The difference between the two neighbours partly stemmed from the fact that North Korea was a more industrialized country than China at the time.

According to Macfarquhar, the Cultural Revolution was an attempt to take a different path for China (from Soviet model) and in the sense it was a culmination of the revolution.\(^\text{1115}\) North Korea’s deviation from the Soviet model after 1956 also was an attempt to find its own model, but at the same time it started to lean toward Chinese practices. In this regard, the DPRK experienced its own Cultural Revolution in the early 1960s. This revolution was based on a political radicalization and militarization which resonated with Kim Il Sung’s partisan legacy. The ideas of permanent strongly resonated in North Korean political psyche. But there was an important difference with China. The Cultural Revolution in the PRC was a continuation of a radical guerrilla type of thinking in China, which led to chaos. However, the paradox was that the seeming disorder was an indication of strong control by the Chinese party apparatus and its main coercive tool – the army. In fact, the Cultural Revolution in China was an attack against the party and state bureaucracy by the means of mass mobilization, which at one point threatened a fundamental destabilization of society, so the regime used the PLA to restore order.

The North Korean regime did not use the KPA as a political tool in the way Chinese officials did. Also, the mass mobilization in North Korea never reached the proportions it did in

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China, as the party/state apparatus seemed to be firmly in control. Political radicalization and militarization were tools for further strengthening the power of Kim Il Sung and his partisan group. The Cultural Revolution also was a way to enhance the power of Chairman Mao in the context of permanent revolution. Mao’s paramount position could not be challenged as long as he maintained the revolutionary agenda on which no fellow comrade could challenge him.  

After the failed attempt to oust Kim Il Sung in 1956, the Great Leader appeared firmly in control. Another big difference is that Kim did not use mass mobilization to purge his opponents within the party. Kim went further in consolidating his power and enhancing his personality cult to a degree, unmatched by Mao, as he laid the foundations of a communist dynasty. Moreover, the new post-Mao leadership in China started a demythologization process, something unimaginable in the DPRK for the “eternal president” unless the regime collapses. North Korea started to use Chinese techniques to enhance its political control in the late 1950s, including dividing society into groups based on family social origins. The North Korean regime stratified society into fifty-one social groups in the 1960s to control the loyalty and political “reliability” of people.

The emulation of the Chinese model in the late 1950s and early 1960s brought North Korea and China closer in their relations. North Korea’s emulation of Chinese practices was simultaneously a deviation from the Soviet system. At the same time, the Pyongyang regime further deviated from Moscow through re-Stalinization. In various aspects, such as political controls, treating political prisoners and distorting history, the North Korean system out-Stalined Stalin himself, as Lankov put it.  

Control of information is another important element of the system. Labor concentration camps confine people who are deemed “unreliable” citizens and

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1117 Lankov, 2007, 39, 185
came to epitomize the repressive system. The political controls can lead one to argue that North Korean society has come closest to the Orwellian fiction of totalitarian state. Still, North Korea was not a society under total control and living in full isolation from the outside world, for life is bigger than the system.

North Korea went through dramatic transformation from agricultural to industrializing society from 1945 to 1970. The internal migration from villages to cities and industrial sites caused social uprooting of large portion of the population. This dislocation was accompanied by new structuring of society through party hierarchical controls and militarization. Social horizontal links (traditional local community, family) weakened and new vertical order was established, which helped atomization of society. We can define the North Korean system in terms of source – Chuch’e, content – party line, and form – militarization. The three elements are unified at the pinnacle of the system – the Great Leader Kim Il Sung.

Despite the egalitarian foundations of society it was to a large extent equality on subsistence level (even bellow it at times) and political depravation. The North Korean elite lived in the promised “worker’s paradise” (more correctly “elite’s paradise”) through access to special distribution system (that is out of reach of the common people), perks, and privileges which secure its loyalty to the Kim family. The emergence of first communist dynasty in the world in North Korea is also a sign of the resilience of the monolithic system.

1119 George Orwell, Nineteen Eighty-Four, New York: Signet Classic, 1977
External integration into the socialist system

North Korea’s external integration into the socialist world was determined by the scale and scope of its economic relations with socialist countries. Fraternal aid and trade were the major bridges between the DPRK and the socialist world. The regime’s economic ties defined the degree of North Korea’s dependency. The dependency on socialist countries had significant political consequences. The self-reliance concept was a reaction against DPRK’s dependency. The North Korean regime had a difficult task to pursue independence, and at the same time, maintain its economic links to the socialist world which provided capital and technologies for its domestic development. And here politics and economics cross each other.

Fraternal aid

This study estimates that the total amount of socialist aid, including loans, received by the DPRK from 1945 to 1970 amounted to 2.302 billion new rubles\(^\text{1120}\) (2.532 billion dollars). Additional humanitarian aid, particularly during the war and the reconstruction period, is not included in this amount. The Soviet Union provided the largest portion of aid, amounting to 1.11 billion rubles (1.221 billion dollars). China was the second biggest contributor, with an amount of 680.3 billion rubles (784.3 million dollars). This figure does not account for the massive help provided by the CVA in North Korea in the 1950s for reconstruction and construction work. The GDR was the DPRK’s third most important partner, providing 140.3 million rubles (154.3 million dollars) in aid and loans.\(^\text{1121}\) Other East European countries (Poland, Czechoslovakia, Hungary, Romania, and Bulgaria) contributed 1.23 billion rubles (547 million dollars).

\(^{1120}\) For the purpose of consistency of measurement we converted the old rubles into new rubles for the entire studied period.

\(^{1121}\) The GDR provided 28.8 million rubles in aid and loans during the Korean War (most of the loans were pardoned). The East German aid in the 1954-1961 period totalled 84.5 million rubles. The GDR provided loans for 27 million rubles between 1962 and 1970.
Table 14: Aggregate socialist aid to North Korea, 1945-1970  

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<tbody>
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<td>USSR</td>
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<td>138.6</td>
<td>409</td>
<td>460</td>
<td>1,110.3</td>
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<td>411</td>
<td>141.7</td>
<td>680.3</td>
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<td>320.5</td>
<td>143.3</td>
<td>511.3</td>
</tr>
<tr>
<td>Total</td>
<td>102.7</td>
<td>313.8</td>
<td>1,140</td>
<td>745</td>
<td>2,301.9</td>
</tr>
</tbody>
</table>

* Post-1961 rubles

The scale and form of aid varied in different periods. From 1945 to 1949, the Soviet Union provided 102.7 million rubles in loans, most of which was pardoned. During the Korean War, fraternal aid amounted to 313.8 million rubles. The amount of direct aid and loans in the 1954-1961 period (aid was larger portion, as some of the loans were also pardoned or rescheduled) reached 1.14 billion rubles. Socialist loans given to the DPRK amounted to 745 million rubles in the 1962-1970 period. The loans had favourable conditions with low interest rates (2-3 percent) and repayment (often rescheduled) was mostly in kind for ten-year period.

The forms of aid evolved from direct aid and humanitarian help during the war and the reconstruction period in the 1950s to loans in the 1960s. The scale of aid was important, but even more important was how it was used. The economic aid, including loans, was linked to industrial projects involving financing, supply of equipment, technology transfers, and education of specialists. The reconstruction of plants and the building of new ones was a key element of aid which directly contributed to developing the North Korean economy and the creation of an industrial base. In the 1950s, for instance, almost 341 million rubles (375 million dollars) of fraternal aid was channelled for industrial projects. In the DPRK around 150 industrial projects received socialist assistance for the studied period from 1945 to 1970, but the bulk of them (around 90) were realized in the 1950s and the early 1960s. The aid constituted a sizable portion of the local economy in the 1950s. In 1954, the amount of fraternal aid reached 34 percent of
North Korea’s national income and declined to 2.4 percent in 1960.

The Soviet Union helped reconstruct, expand, or newly build 58 sites in North Korea (until 1972). The Soviet aid had an important effect on the North Korean economy. As of 1970, for example, 58 percent of electric power was produced in power plants which were reconstructed or built with Soviet assistance. The Soviets helped the DPRK design and construct infrastructural projects as well. There were instances in which the Soviets helped North Koreans twice in reconstruction and expansion of key industrial sites. The first time was after the Liberation and the second time was after the Korean War. Such examples were the Sup’ung hydro power plant and the nitrogen fertilizer plant in Hîngnam – the largest plants of their kind in Asia at the time. Soviet military aid was critical in building North Korea’s defence capabilities before, during and after the Korean War. The Soviets provided military assistance worth 214 million rubles in the 1950s and the 1960s. The Soviets helped build 27 military sites, including underground plants and installations, until the early 1970s.

China helped North Korea in realize about 50 projects and was a big supplier of materials. The PRC also contributed to the rehabilitation and construction of infrastructure, housing, and cultural and administration buildings. The contribution of the CVA was particularly significant in this regard. The GDR contributed to the building of 21 plants and installations. East Germany’s most notable help was the rebuilding of Hamhung, the second biggest city in the North Korea, which included construction of industrial sites, urban infrastructure, apartments, schools, and other buildings. Military aid was an important element of the fraternal aid. Other East European countries provided aid for construction of 21 industrial sites in the 1950s and early 1960s. The forms of military assistance also evolved from direct aid in the 1950s to loans in the 1960s. The military aid encompassed supply of weapons and construction
of military sites, including underground plants and facilities. The Soviet Union helped build 27 military sites in North Korea until the early 1970s.

Trade with the socialist world

As a mutual exchange, trade implies a degree of equality and reciprocity between two sides. The development of the DPRK’s trade relations with socialist countries paralleled the formation and development of North Korea’s state and economy. North Korean trade with socialist countries went through many changes in the three decades following 1945. North Korea traded with the Soviet Union during the occupation period mostly on barter terms. The first trade transaction with the USSR was recorded in 1946 and amounted to 8.6 million rubles (9.4 million dollars). By 1949 it grew to 139.6 million rubles (153.6 million dollars), a volume which the two partners surpassed by 1961. In 1946 foreign trade represented 4 percent of North Korea’s national income. This increased to 31.3 percent in 1949, the highest in the post-1945 era.

During the Korean War, the trade was substituted by aid from the Soviet Union, China and the other socialist countries. North Korea’s involvement with socialist countries emerged gradually in the post-war reconstruction period, when the aid was given a priority in the economic relations. In some respects trade was a form of socialist assistance. For example, socialist countries provided trade credits which to large extent North Korea repaid in kind. In some instances, socialist countries re-exported North Korean goods and thus played the role of a trade broker. Part of the trade was also on barter terms, particularly in the first post-war years, amounting to another form of socialist assistance to North Korea, which lacked sufficient currencies to pay for forego goods. The price policy was also favourable toward the DRPK. Some key goods were supplied at lower prices than the world average. The price of Soviet oil
supplies was between two-thirds and a half of the world prices in the 1950s and early 1960s. Price subsidies were another form of aid to the North Korean economy. Socialist countries also supported the DPRK with trade credits on favourable terms: 1-2 percent interest and repayment in kind of large portion of the amount. Payment in kind (barter trade) was a common form in North Korea’s trade relations with the socialist countries, particularly in the 1950s. Furthermore, trade was used as a way to subsidize the DPKR at times, most notably the sale of oil (by both Soviet Union and China) on much lower prices than the international levels.

North Korea’s foreign trade accounted for nearly 30 percent of North Korea’s GNP in 1955 – the height of socialist integration. The relative share of trade decreased afterwards and reached 17.2 percent in 1959, as the North Korean economy grew fast (recording 32 percent rate in 1956), but trade expanded steadily in the 1950s in absolute terms. For example, the trade with the socialist world increased 151.6 million rubles (166.8 million dollars) in 1958 and to 254.5 million rubles (280 million dollars) in 1959 – a record high for the 1950s. North Korea imported raw materials, machines, and equipment, usually on credit with repayment in kind. It exported raw materials and semi-processed products, but we can observe an evolving structure of trade in the 1950s. The share of ores in North Korea’s exports decreased from 82 percent in 1953 to 13 percent in 1960. At the same time, the share of black and colour metals increased from 31 percent in 1956 to 44 percent in 1960, while the share of chemicals also increased from 6 to 12 percent the same period. This trend shows a decreasing share of raw materials and an increasing share of finished products in North Korea’s exports.

Trade became the major form of North Korea’s economic relations with the socialist world in the 1960s. Despite the poor relations between the Soviet and Chinese camps, trade relations between North Korea and the socialist world were relatively stable in the longer run.
Politics had an impact on short-term trade, though Soviet-North Korean trade was less affected by poor bilateral relations than Sino-North Korean trade was. The stable character of Soviet-North Korean trade relations during the tense political atmosphere between the two countries and the ascendance of Pyongyang’s self-reliance policy in the first half of the 1960s underscored the importance of Soviet supplies of capital goods and raw materials for the North Korean economy. In 1971, the DPRK’s foreign trade amounted to 1 billion rubles (1.11 billion dollars) with the Soviet share of that trade at 42 percent. The Soviet Union’s relative role evolved after the 1940s, however, when it dominated North Korea’s foreign trade, accounting for 90 percent of North Korea’s entire trade. Raw materials, semi-processed goods, and agricultural products dominated North Korea’s overall exports. At the same time, machines and equipment gradually increased their share, reaching 10 percent in 1971. The DPRK had trade deficits with most of its trading partners. The case of Soviet-North Korean bilateral trade is telling. The widening trade deficit with the Soviet Union after 1968 exposed North Korea’s production problems as it failed to keep pace with accelerating Soviet exports and could not supply large quantities of goods which the two sides negotiated in the trade agreements. The North’s balance of payment problems increased the DPRK’s debts to socialist partners, although North Korea was allowed to pay a large portion of its debts in kind. DPRK’s debt owed to the USSR and the PRC in 1987 was estimated at 2.9 billion rubles.

Although the socialist countries remained North Korea’s major trading partners, North Korea did expand its trade relations with capitalist countries. The most notable example was Japan, which became the third largest trading partner of the DPRK after the USSR and the PRC by the early 1970s. Politics of self-reliance mattered, but the dynamics of regional economic integration also had an impact on the evolution of North Korea’s trade networks. The amount of
foreign trade increased from 14.2 percent to 18 percent of the annual national income of North Korea from 1963 to 1970, which points to the country’s active economic relations, despite the isolationist bent in its policies. Therefore, the isolationism related primarily to restrictions on the movement of people and ideas, rather than on goods and capital – though this was a difficult balance to accomplish. Self-reliance impacted trade in the short run, however, as the share of trade decreased to 12.5 percent in 1964, for example.\textsuperscript{1122} This reduction represented small change of trade volume in absolute terms compared to 1963 (by 10 million rubles\textsuperscript{1123}), but the fact that the amount of trade declined while the economy was growing indicated the influence of self-reliance paradigm. Moreover, the role of foreign trade in the North Korean economy decreased from 1959 (17.2 percent) to 1964 (12.5 percent) – the height of the regime’s isolationist policy toward the Soviet camp. For instance, one of the effects of the self-reliance policy was North Korea’s attempt to limit imports of capital goods, particularly machines, because it embarked on an ambitious program to achieve self-sufficiency in machine-building industry after 1962. The cost of the policy to “produce everything,” became apparent for the domestic economy, however, and the regime softened its self-reliance policy toward the Soviet bloc countries in the second half of the 1960s. The \textit{Chuch’e} drive was a push, intentional or not, toward “non-economy,” that is material life “imprisoned within self-sufficiency,” as Braudel defined it.\textsuperscript{1124} Undoubtedly the self-reliant economic paradigm had limited success, meaning it had limited damage to the economy, although it was a lasting one. The DPRK’s need for capital goods, raw materials, and military aid from the Soviet Union played an important role in the

\textsuperscript{1122} These figures could be misleading to an extent, because, for instance, the Soviet-North Korean trade was relatively stable in the first half of the 1960s, a period of tense bilateral relations. Also, the trade in absolute terms did not decrease as much as the relative share of trade might suggest. Still, as the North Korean economy continued to grow in the first half of the 1960s the trade relations with the Soviet camp stagnated at best.

\textsuperscript{1123} As mentioned in chapter 7, the DPRK’s foreign trade was worth 339.3 million rubles in 1963 and 329.6 million rubles in 1964.

\textsuperscript{1124} According to Braudel, the economy “starts at the fateful threshold of exchange value.” Braudel, 21
improvement of Soviet-North Korean relations after 1965. Also, the trade integration of the late 1950s failed to fully recover for over a decade from the blow of the regime’s isolationist bent in politics.

North Korea integrated first in the Soviet system in the 1940s, in the socialist system 1950s, in two socialist subsystems (from the 1960s to 1991), and in the regional economic system from the 1990s to date.\textsuperscript{1125} The socialist system functioned on the basis of interconnectedness of its regions and states. And North Korea was an integral part of this system through its trade relations with other socialist countries. The international socialist system became divided after the 1960s, but the DPRK retained its connections to the two “subsystems” despite the volatility in Sino-Soviet relations.

We observe a considerable impact of \textit{Chuch’e} ideology and politics on North Korea’s interconnectivity with the socialist world, but after 1965 there were limits to the impact of ideology on foreign trade policy. Tensions between the politics of disintegration and the economies of integration deepened. This discrepancy can be observed at present as well. While North Korea is considered one of the most reclusive countries in the contemporary world (and in terms of movement of people it is rightly considered so), the share of its foreign trade in the economy is as high as 31.3 percent,\textsuperscript{1126} a level almost unmatched since 1949, underscoring DPRK’s increased dependency on trade. Dependency on trade is not necessarily a bad thing; on the contrary, it provides important life lines for domestic economy. But in North Korean case, the gains are offset by mounting deficits, which drained the hard-earned foreign currency. North

\textsuperscript{1125} As of 2008, 38 percent of North Korea’s foreign trade was with China and 30 percent with South Korea which emerged as one of the most important trading partners of the DPRK since the demise of the Soviet Union. Therefore, 68 percent of North Korea’s trade was tied to regional partners. World Trade Search, “D.P.R.Korea Export and Import 2009,” WTS Co. Ltd., Kyoto, 2009

\textsuperscript{1126} The foreign trade consisted 37.3 percent (5.6 billion dollars) of North Korea’s GDP in 2009 (estimated at 15 billion dollars). Ibid.
Korea’s trade deficit was a persistent problem which worsened the country’s balance of payment. The combination of debt and trade deficit hindered the prospects for DPRK’s economic development.

*The North Korean pattern of integration*

The DPRK emerged from the Soviet occupation in the second half of the 1940s as an independent state within the socialist (Soviet) system. It remained closely tied to the socialist states in the 1950s, as it was entirely dependent on fraternal aid, not to mention a state-saving Chinese intervention during the Korean War. Although *Chuch’e* determined North Korea’s world view and domestic politics, and had a great impact on the regime’s foreign relations in the 1960s, the DPRK became part of the socialist system through a network of bilateral economic relations with the socialist countries. This allowed Pyongyang to integrate, and at the same time, to preserve a considerable degree of domestic autonomy. North Korea’s relations with its socialist partners fluctuated over time, but the regime remained closely linked to the socialist world until the collapse of the Eastern “bloc” in 1989. North Korea never lost its place in the system until 1991, when that system itself collapsed.

The Sino-Soviet conflict, which persisted until Gorbachev’s era of *perestroika* in the second half of the 1980s, was one of the significant reasons for the demise of the socialist world. The schism eliminated the opportunity of developing a large Euro-Asian socialist market which would have provided important resources and tools for economic development through economic exchange. In the 1950s, the early stages of such a grand socialist economic zone existed, but it faltered in the following decade due to the Sino-Soviet split. The Soviet-led system later collapsed mainly because of internal inefficiencies and one-party control of society.
Its economic stagnation stemmed from the limits of the planned and state-owned system and the relative insulation of the “socialist market” from the capitalist world. And more importantly, the East European societies could no longer tolerate the political controls of the one-party power monopoly.

My argument that the viability of the socialist economic system depended on the intensity and scope of its interaction with the socialist world applies to North Korea as well, despite its uniqueness. The more intensive the cooperation with socialist countries, the more vibrant the North Korean economy became. One of the worst economic performances occurred when the regime pursued more extreme isolationist policies. The reduction of aid, credits and technology transfer to the DPRK in the first half of the 1960s had negative consequences for the domestic economy in the subsequent years (recording 3.5 percent growth in 1965 and it could be even lower). It is indicative that the reinvigoration of economic relations with the Soviet bloc in the second half of the 1960s was one of the reasons for restoring high growth potential of the economy in the early 1970s (recording 31 percent growth in 1970 and double-digit figures afterwards).

The difference with other socialist countries was the extent and the forms of these trends. The integration of North Korea into the socialist world did not occur on the same basis. Rather, the integration was interwoven through a network of bilateral economic ties based on a common ideology and political system. These relations were bilateral in form, but were grouped along the two “centres” of socialist world – China and the Soviet Union. One might expect limitations to North Korea’s integration insofar as it did not participate in the formalized international structure of the socialist world. The Chinese regime would have been alienated had the DPRK joined COMECON, and the North Koreans recognized they could not afford to have done this
on economic and political grounds. Moreover, the bilateral character of relations allowed North Korea more leverage in navigating between the two socialist camps. It is another matter how much the regime used this advantage to develop its integration into the socialist world.

It was not by chance, therefore, that despite its proclaimed self-reliance policy, there was no not even a brief period when North Korea did not count either on the Soviet Union or China for closer ties and cooperation. Even during the turbulent and divisive 1960s, the two socialist powers divided half a decade among themselves to nurture closer relations with the DPRK. That is why we can conclude that North Korea’s self-reliance policy targeted either the Soviet or the Chinese camps but never the two socialist big powers simultaneously. Alienation from both “subsystems” would be tantamount to economic and political suicide. This is the key to understanding *Chuch’e* policy in the realm of economic relations. The limits of its application were set by the real and potential damage to the domestic economy and security. If the cost of the self-reliance policy was too great, then the North Korean government softened its stance and took steps to improve relations and foster economic cooperation.

Hence, North Korea’s integration into the socialist world was unique in the sense that it included both socialist camps and did not involve a formal international structure. This type of integration preserved a high degree of independence for North Korea, which was in better harmony with *Chuch’e* ideology and politics. North Korea’s refusal to join the COMECON on the grounds of its self-reliance policies was symptomatic of this wider trend in North Korean foreign and domestic policy. If the DPRK could get aid, credits, and technologies on a bilateral basis, why should it join organizations which it viewed with suspicion and which might strangle its valued independence? Similarly, there was no compelling reason for North Korea to be a Warsaw Pact member since the DPRK bilateral security agreement with the Soviet Union
provided security guarantees. (There was no such dilemma with China since the PRC did not establish a formal international economic or security organization with its allies.)

In other words, North Korea’s integration into the socialist world had limits imposed by the regime’s self-reliance drive and by the reluctance of socialist partners to extend cooperation with a country which sent mixed signals about economic and political cooperation. However, the limited (not structured or institutionalized) form of integration posed a problem too, because without formal obligations other countries could turn down the DPRK’s requests for credits or other assistance when their relations worsened. This is particularly true for the socialist type of economic integration which was politicized and lacked a free market logic. The absence of international structures and formal multilateral agreements hindered coordination between the DPRK and other countries. This in turn reduced the scope and efficiency of North Korea’s international economic relations, making the regime seemingly more unpredictable and volatile.\textsuperscript{1127} North Korea did not participate in the work of COMECON as an observer from 1962 to 1972 (before and after that period the DPRK participated in meetings of organization’s committees) and its absence undoubtedly impeded the coordination of economic cooperation with Soviet bloc countries. Geography and logistics also played a role in limiting the DPRK’s integration into the Europe-based Soviet camp. For example, trade was hampered by long distance and high transportation costs. History was also not on the side of integration, as North Korea had lacked economic relations with the West before liberation.

North Korea’s integration into the Soviet camp had an important political underpinning. Economic logic alone would have not led to North Korea’s economic integration into the socialist system, at least not on a scale we observed in DPRK’s bilateral relations with socialist

\textsuperscript{1127} We can observe similar pattern of North Korea’s international behavior at present day when it shuns multilateral agreements and prefers to forge bilateral ties and arrangements instead.
countries. In this regard, the integration was based on a political necessity to create a self-contained system which served an important security function for the Soviet Union in Northeast Asia. For its part, the DPRK needed such an integrative “umbrella” for its economic and political survival. Sino-North Korean economic relations and cooperation seemed more natural due to their states’ proximity and long history of bilateral exchanges. North Korea also bordered the Soviet Union, but the Soviet industrial areas were far from North Korea.

China’s interest in close ties with North Korea was also based on perceived security needs, as the PRC shared a long border with the DPRK, which served as a buffer zone against American dominance in the Northeast Asia. China entered a war with the United States when it felt threatened by the advancing American-led UN troops in 1950. The revolutionary ideology also played an important role in developing close Sino-North Korean relations. Maoist ideas about revolution and the participation of a large number of Koreans in the PLA during the civil war sealed the revolutionary brotherhood between the two peoples. The Chinese communists cooperated with the DPRK to realize northern revolution as well. The politics of economic integration between China and North Korea was also influenced by the Sino-Soviet dispute, because both camps tried to get the DPRK to align with each of them and each offered economic incentives to gain North Korea’s political support.

Despite difficulties in relations with its two big power neighbours, the DPRK was indispensable strategically for both the USSR and the PRC. In other words, North Korea was courted by both China and the Soviet Union to join their socialist sub-systems. The DPRK benefited economically from this competition, but it also set limits on the scope and the extent of cooperation, as it lacked firm institutional framework and was subject to changing politics in the socialist world. This sort of limited integration was partially North Korea’s own choice and
partially a result of objective economic constraints.

North Korea was part of the socialist system as long as the socialist world, mainly the USSR and the PRC, needed the DPRK for political and strategic reasons North Korea depended more on the cooperation of its two socialist neighbours, but the political value of the DPRK for the two camps should not be underestimated. Otherwise, socialist countries would have not spent billions of dollars in aid to North Korea. There was another ideological dimension of the DPRK’s role in the international socialist system. Socialism could prevail only by expanding its sphere in the world. The incorporation of more countries into the system was a matter of existential importance for socialist countries. A victorious socialism in East Germany and North Korea had additional political value for the whole system. From the point of view of the Soviet Union (if not the PRC which was the internal “dissident” against Soviet-dominated international system), the system had important ideological and political meaning. On a practical economic level, the system was a network of countries which cooperated and traded with each other. This entity was far from uniform, particularly in the context of North Korea’s nationalist self-reliant bent. Nevertheless, the DPRK became part of that system despite its Chuch’ e policy for a very practical and compelling reason – it could not survive without the socialist network of bilateral relations. From North Korea’s perspective the socialist system was the environment in which it could function as a state.

North Korea’s integration into the socialist world was an unevenly pulsating process in which closer ties was followed by distancing and cool-off periods. The Chuch’ e ideology and political system in North Korea were bound to close the country to the world; more openness meant more of a threat to the regime’s political structure. At the same time, economic necessities, military preparedness, and security concerns required alliances and better relations with socialist
world. This contradiction defined the history of the DPRK, which resembled a pendulum between integration and autonomy in the international socialist system.

Integration into the socialist system provided a degree of vitality for North Korea’s economy through aid, capital, technologies, and trade. These trends were particularly true in the 1950s. But more integration meant more openness which in North Korea was interpreted as more vulnerability, dependency and even threat. The 1960s was a period of increased seclusion, which led to economic slow-down. Economic problems forced the North Korean leadership to pursue improvement of relations with the outside world in the late 1960s and the 1970s.

As mentioned above, North Korea’s international economic integration was not confined within the socialist system. The DPRK tried to compensate reductions in its interactions with one of the two major socialist allies or camps in the 1960s by nurturing more active relations with capitalist and developing countries. The DPRK expanded the network of international trade relations with non-socialist countries. North Korea operated trade missions in 40 countries by the end of the 1960s. This trend represents an important consistency in North Korea’s history. The DPRK has demonstrated considerable adaptability to changing external environment despite its internal rigidity, which can partially explain the resiliency of the North Korean system against the odds.

The Soviet Union and the PRC pursued mutual containment policies vis-à-vis each other, and each hoped to retain its political alliance with the DPRK. Aid continued to flow to North Korea from both allies in the military and economic fields; this situation helped both China and North Korea avoid a crack in their relations in the dying years of the Cold War in the 1980s. The strategic value of North Korea for both the Soviet Union and China maintained the special status of the DPRK and secured aid for the regime during the Cold War. North Korea was not so
important economically in the international socialist system, but it had high political value.
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### Appendix A: Soviet-North Korean trade, 1946-1972

*Million of new rubles*

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*New (post-1961) rubles*

*Source: MTVSSSR, IVANSSSR*
Appendix B: Sino-North Korean trade, 1950-1970

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* New (post-1961) rubles
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Source: PA MfAA, AMFABG, Soviet data
### Appendix C: East German-North Korean trade, 1953-1971

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<td>24.8</td>
<td>14.1</td>
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</tbody>
</table>

*New (post-1961) rubles

**The figures include supplies from aid agreements in the 1953-1958 period excluding deliveries for the reconstruction of Hamhŭng.

*Source: PA MfAA*
Appendix D: Bulgarian-North Korean trade, 1957-1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Bulgaria exports</th>
<th>DPRK exports</th>
<th>Million of new rubles*</th>
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<tbody>
<tr>
<td>1957</td>
<td>1.3</td>
<td>0.5</td>
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</tr>
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<td>2.1</td>
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<tr>
<td>1960</td>
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<td>0.7</td>
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<td>1.7</td>
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</tr>
<tr>
<td>1970</td>
<td>n/a</td>
<td>n/a</td>
<td><strong>5.9</strong></td>
</tr>
</tbody>
</table>

*New (post-1961) rubles

Sources: AMFABG
Appendix E: Charts of North Korea’s trade with socialist countries, 1945-1971
North Korea's Trade with Socialist Countries
1945-1970

Million of new (post-1961) rubles

- East Germany
- Bulgaria
Appendix F: Aggregate socialist aid to North Korea, 1945-1970

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>USSR</td>
<td>452</td>
<td>610</td>
<td>1,800</td>
<td>460</td>
<td>3,322</td>
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<tr>
<td>PRC</td>
<td>n/a</td>
<td>562</td>
<td>1,808</td>
<td>141.7</td>
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<tr>
<td>Eastern Europe</td>
<td>n/a</td>
<td>209</td>
<td>1,410</td>
<td>143.3</td>
<td>1,762</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>452</strong></td>
<td><strong>1,381</strong></td>
<td><strong>5,018</strong></td>
<td><strong>745</strong></td>
<td><strong>7,597</strong></td>
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</table>

* The ruble is denominated in 1961 and the new value of the currency is used for the 1962-1970 period.
Appendix G: Share of aid, loans, and trade of North Korea’s GNP, 1945-1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Aid*</th>
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<th>Trade **</th>
<th>Total</th>
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<tr>
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* Part of the aid in the latter half of the 1940s and in the 1950s was in form of cheap loans, most of which were pardoned.

** The share of trade in the 1940s is estimated on the basis of Soviet-North Korean trade volume.