litisch wichtigen Raum Südasien zur Ausweitung des gegenseitigen Warentausches beigetragen.

Literaturhinweise

- BM (1983), "Indo-Soviet Trade: Evading the Issue", Economic and Political Weekly, 17 (April 30, 1983), S. 670 - 671.
- Gidadhubli, R. G. (1982), "India in the Soviet Union's Import Trade", Economic and Political Weekly, 50 (December 18, 1982), S. 2053 - 2060.
- Gidadhubli, R. G. (1984), "Indo-Soviet Trade Protocol for 1984", Economic and Political Weekly, 2 (January 14, 1984), S. 60 - 61.
- Griffin, J. C. Jr., Rouse, W. (1986), "Counter-Trade as a Third World Strategy of Development", Third World Quarterly, 1 (January 1986), S. 177 - 204.
- Lavigne, M. et al. (1985), Les Relations Est-Sud dans l'Economie Mondial. Tome II, Les Pays Socialistes Européens et les Pays en Développement: Etudes Monographiques, Centre d'Economie Internationale des Pays Socialistes, Université de Paris I, Panthéon-Sorbonne.
- Neue Zürcher Zeitung, "Budgetsorgen der indischen Regierung. Drohendes Rekorddefizit", 26. Februar 1986, S. 19.
- Patel, S. (1985), "India's Regression in the World Economy", Economic and Political Weekly, 39 (September 28, 1985), S. 1651 - 1658.
- Wiecking, J. (1984), "Counter-Trade: Its Nature and Scope", US Department of State, Bureau of Intelligence and Research, Report 821-AR, 17. April 1984, S. 5 - 7.
- Yoffie, J. (1984), "Barter: Looking Beyond the Short-term Payoffs and Long-term Threat", International Management (August 1984), S. 32 - 46.
- "Our Rouble Reserves", Economic and Political Weekly, 3 (January 1984), S. 104 - 105.

Herwig Palme
Institut für Raumordnung
Wirtschaftsuniversität
Augasse 2 - 6
A-1090 Wien

Journal für Entwicklungspolitik 2, 1986, S. 93 - 109

Horst Brezinski

THE RELATIONS BETWEEN THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA (DPRK) AND THE COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (CMEA) AND ITS MEMBERS *)

1. Introduction

The implementation of Socialism in the DPRK after World War II was made possible by the assistance of the Soviet Union and, later, by other socialist countries. Substantial military and economic aid was given during the Korean War as well as during the reconstruction period, with aid rendered by the communist countries from 1954 - 1960 amounting to about US $ 1.4 billion. 41 % of this assistance came from the USSR, 28 % from the People's Republic of China (PRC) and 31 % from the smaller East European CMEA members (Lee 1982: 310). In 1954 the funds thus given made up one-third of North Korean national revenues. However, by 1960 foreign assistance had dropped to less than three percent of national revenues (Bunge 1981: 152). In spite of this support which after 1960 took on the form of extending credits, a practice which has been continued until our days, despite the political and ideological affinity with the CMEA members and the similar systems of economic organization, the DPRK never joined the CMEA (Chung 1974: 108). On the contrary, the DPRK pursued her own way to achieve the optimal status of development of a socialist industrial country.

This paper tries to analyse the special economic relationship between the DPRK and the CMEA and its members. Consequently it seems to be appropriate to start out with a short survey on the development of economic strategy and policy as pursued by the DPRK. Then follows an analysis of the main characteristics of CMEA policy of cooperation with its own less developed countries. These two chapters are to provide the background for a better understanding and discussion of the particular past and present relationship between the DPRK, the CMEA and its members.

---

*) The author is indebted to Prof. Hermann Fink for valuable comments and advice on a previous draft of this paper.

2. Economic Strategy and Policy of the DPRK

Immediately after the liberation from Japanese colonial power by the Soviet Union, North Korea began the transformation of her economy and society into a socialist one. In doing so, the DPRK did not only have to cope with her inherited colonial economic structure, such as the inadequate transport system and the absence of any raw material processing industry but also with the loss of a substantial part of her agriculture and light industry which were largely based in the Southern part of the country. In addition, the Korean war from 1950 - 1953 nearly extinguished what had been developed in terms of an economy after the liberation. As a result, economic assistance was needed for survival. Help came from the Soviet Union and the other socialist countries. This explains, why the DPRK relied closely on the Soviet model of giving priority to the development of an independent heavy industry (Brezinski 1979b: 60). The emphasis on this sector of industry logically entailed tremendous economic growth. Thus, annual average industrial growth rates amounted to 49.9 % in the prewar period (1947 - 1950), 41.7 % during the three-year plan (1954 - 1956) and 36.6 % during the five-year plan (1957 - 1961). Consequently, the contribution of industry to national income increased from 23 % in 1946 to 57 % in 1960, whereas that of agricultural production dropped from 48.7 % to 24 % (Table 1). The official claim was that the DPRK had been transformed from an agricultural to an agricultural-industrial economy (Machetzki 1983: 101).

During the second half of the 1950s Soviet influence decreased and economic strategy as well as policy were influenced by the People's Republic of China (PRC). Although heavy industry continued to be favored, a growing emphasis was placed on the standard of living. As in China, mass movements were created in order to achieve a stronger involvement of people in production.

The first seven-year plan from 1961 - 1970 proclaimed the transformation into an *industrial*-agricultural economy. In order to restore her influence, the Soviet Union, at the beginning of this period tried to tie the DPRK closer to the CMEA by offering membership. But the Soviet proposals to make the CMEA a supranational organisation and the rise of the Sino-Soviet dispute in 1961 served as a catalyzer in the formulation of a specific North Korean development strategy. Step by step North Korea developed the essential characteristics of the 'juche' strategy in the 1960s. Based on the experiences of the past, when Korea had always been dependent on her powerful neighbours, 'juche' was to reflect a strategy which enabled the

Koreans to pursue their own path of national development without foreign interference. In this context 'juche' is understood to be a comprehensive strategy for economic, political, ideological and cultural independence at sustained high growth (Halliday 1981: 889). In economic terms 'juche' may be understood as self-reliance which, however, does not mean self-sufficiency and isolation (J. I. Kim 1982). This development pattern implies a strong emphasis on the basic industries and the capital goods industry without neglecting the needs of agriculture, infrastructure and the consumer goods industry. This strategy tries to avoid long-run structural deficits in the national economy, though, in the short run, there may be unbalanced developments between the different sectors of the economy. Factually, 'juche' stands for a strategy under which about 70 % of all raw materials are to come from domestic resources. If raw materials are not domestically available, substitution has to take place (e.g. limestone for synthetic fibres, coal for chemical fertilizer). Foreign trade has to procure the economy with those items which are lacking, for which there is no adequate demand or which cannot be produced by one's own industry. Exports are seen as a means to secure necessary foreign exchange. Thus, foreign trade is to serve the interests of the domestic economy and at the same time to achieve the minimization of dependence on foreign suppliers. In the 1970s the strategy of 'juche' excluded foreign capital investments (Brillouet 1978: 200). Nevertheless, international cooperation is welcome as long as the national goals of self-reliance and autonomy are strengthened.

In foreign policy 'juche' has led to a policy of equidistance from both major socialist powers, the USSR and the PRC. Consequently, the DPRK reduced its share of foreign trade with the USSR (Table 3). Originally, foreign trade was to be distributed in the 1970s so that one third was with the socialist countries, the capitalist countries and the Third World. This goal, however, could not be achieved because of the economic situation of the 1970s. At this time the distribution of foreign trade amounts to about 60 % with Socialist countries (USSR 30 %, PRC 20 %, smaller CMEA countries 10 %), 20 % with capitalist countries and 20 % with developing countries.

The 'juche' strategy had a negative impact on industrial growth rates and the fulfilment of national economic plans. Since the Soviet Union was unwilling to grant the DPRK credits and to increase its foreign trade between 1962 - 1965, the first seven-year plan (1961 - 1967) had to be extended to 1970. Still industrial growth rates remained high (Table 1 and 2). The average annual growth rate amounted to 12.8 % during that period.

Despite this progress the relationship betwen the different economic sectors remained unbalanced. The causes of these imbalances are difficult to trace in detail, since the DPRK stopped publishing relevant statistical data since 1964. Foreign trade data can only be obtained by examining the statistics of the North Korean trade partners. They provide at least some type of reflection of the DPRK trade. Consequently, it does not surprise that Western and Eastern publications record differing statistical data, which in addition often appear to be based more on estimates than on precise data. Still all of them reveal the trends in the development of the North Korean economy.

The six-year plan (1971 - 1976) took account of the deterioration economic situation. It was acknowledged that the high growth rates could only be maintained by switching from extensive to intensive growth patterns. The USSR and the PRC, being the main trade partners of the DPRK, were unable to procure the North Korean economy with the necessary technology for modern industry. Foreign trade with Western countries increased tremendously between 1972 and 1974. Western technology raised the share of capitalist countries in North Korean imports to more than 60 % in 1974. These imports were mainly financed by short-term credits. The average annual industrial growth rate went up to 16.8 % for that plan period. North Korea seemed to experience the economic miracle, which Joan Robinson believed to have already detected in the 1960s and which was largely considered to be a model for developing countries on their way to a higher level of development.

But this appears to have been a first-glance assessment only. Despite a seemingly successful policy under the development strategy of 'juche' - especially in the large field of social welfare (increased life-expectancy from 36 years in 1945 to 65 years in 1980; increased health service, education system, social security which surpass the levels of most other Asian countries and come close to those of industrialized countries) - this strategy has still been unable to solve the problem of North Korean's foreign debt. This dilemma became most obvious in 1975. Between 1972 - 1974 the generous granting of Western credits to the DPRK allowed for the purchase of Western technology without paying too much attention to the efficient use of these investment goods. In addition, the efficiency of central planning decreased and led to serious bottlenecks in transportation, energy and the extracting industry which made it impossible to produce and export the amounts of goods required for debt repayment (Chung 1983: 177). The decline in world market prices for North Korea's main export items (non-ferrous metals, pig-iron etc.) aggravated the crisis, caused by the failure of North Korean foreign trade managers to observe Western financing methods and in particular the golden rule of financing investment goods by long-term credits and not by presumably inexpensive short-term ones. On the other hand, North Korean economists and politicians were backed in their overoptimistic assessment of the situation when Western bank managers generously extended credits to their country without having the fundamental economic data available. (The DPRK had not published any relevant statistics for over ten years.) Instead, Western bankers trusted the umbrella theory that the Soviet Union would guarantee the hard-currency debts of their socialist brother countries. To all this the heavy defence burden must be added. Expenditures amounted to an estimated total of 15 - 20 % of the GNP during that decade (Droker 1982: 182). Finally, compulsory military service resulted in labour shortage of young men, e.g. 780,000 in 1982. Foreign debt was estimated at US $ 2.3 - 2.4 billion. US $ 1.4 billion of these debts were owed to the West. At that time, this sum amounted to six times the country's annual hard currency exports (Suh 1983: 209). In view of this situation 1977 was to become a year of adjustment in order to straighten out the structural imbalances and planning failures of the past (Amt für Nationale Wiedervereinigung 1982: 82).

In 1978 the second seven-year plan (1978 - 1984) was initiated. On the one hand, it was to continue the policy of modernization of such important branches as steel, chemicals and the mineral industry. On the other hand, it tried to solve the foreign debt problem. As a result the DPRK officially claimed in 1985 that average annual industrial growth had reached 12.2 % and that the main production targets under the second seven-year plan had been achieved (Table 2). Western sources estimate the 1978 - 1982 annual growth of GNP at 9.7 %. In 1980, the DPRK proclaimed that the country would get rid of its foreign debts by 1984. Obviously, this declaration was too optimistic. In 1982, the debt service ratio was estimated at 30 % and in 1985 foreign debts were assessed at US $ 3.5 billion (Quarterly Economic Review 1985/4: 47). One third of the total debt was owed to Socialist countries (Y.-S. Kim 1985: 6), the remaining two thirds to the West. Towards the end of this period it became more and more difficult to achieve high gross domestic accumulation rates (35 % in previous years), because growth rates in government expenditure dropped considerably from originally over 10 % to 4.5 % in 1985 and 4.2 % in 1986. Future industrial growth will be impeded, since the share of investment funds in government expenditure has remained unchanged. About 60 % of investment funds will continue to flow into the capital goods industry, which depends mainly on imported technology.

Except for the years from 1978 to 1980, when North Korea was able to produce a surplus in overall foreign trade (Brillouet 1983: 70), the country has been fundamentally unable to consolidate its economy and solve its foreign debt issue.

1985 became another year of adjustment before a new seven-year plan will be launched. Information available on this projected new plan indicates an additional emphasis on increased production in light industry in order to motivate the population. Moreover, the leadership seems to recognize that achieving the main economic targets by the end of the eighties (Table 2) will require investment funds of about US $ 24 billion. Only US $ 10.5 billion will probably be accumulated domestically.

These facts have caused Pyongyang to reformulate some of the basic elements of the 'juche' strategy. Under the new concept the DPRK will be forced to increase its foreign trade, i.e. its exports by 420 % in the 1980s. In order to do so, the national economy will have to be adjusted to the requirements of the world market. North Korean products will have to become more competitive internationally. Furthermore, foreign capital will have to be attracted. Already in 1981 Western companies were offered investment shares in the North Korean mining industry. In September 1984 a law on joint venture was enacted allowing for foreign capital participation especially in industry, transport, construction and tourism. Even export zones were thought of (Y.-S. Kim 1985: 10). Though still largely undefined this policy resembles that of China in recent years. However, until now two joint ventures have been concluded: a hotel with French participation and a chain store with Japanese participation.

Realizing the shift in the 'juche' strategy and the obvious problems of the national economy - although the facts and figures still remain largely hidden - the question arises as to whether the North Korean model is one that can be put to work. What will be the prospects of a CMEA membership and will North Korea ever become a member? In order to answer these questions we will have to look at what CMEA has to offer to less developed members.

3. Main Characteristics of CMEA Policy in the Cooperation with its Less Developed Members

CMEA membership to less developed countries was given to Mongolia in 1962, to Cuba in 1972 and to Vietnam in 1978. The CMEA policy of cooperation with less developed members has been dominated by the Soviet Union, because of her economic, military and political power and her role as the main donor of development aid to these countries. About 90 % of the CMEA net assistance came from the Soviet Union (Brezinski 1986: 273). In the beginning of the 1980s Soviet economic aid to these countries amounted to a total of US $ 3 - 4 billion annually. Up to the end of the sixties the Soviet-dominated CMEA development strategy for the less developed countries was based on the adoption of the Soviet economic model with Soviet aid financing mainly the development of heavy industry. The failures of this strategy led to a reconsideration of that development strategy (e.g. in Cuba). It was recognized that each of the developing countries had its specific problems: differences in the endowment with natural resources; climatic conditions; different levels of economic development and employment conditions; differences in the degree of progress toward the implementation of socialism.

Given these facts, there seems to be no longer a clear and uniform development strategy. In 1971 at its 25th Session the CMEA adopted the so-called Complex Programme which included some goals for a development policy: increase of the growth rate of national income in the less developed member countries and assimilation of the levels of economic development. These goals are to be achieved through the institutions of the CMEA and the joint planning activities established in the seventies. In addition to the traditional bilateral and multilateral coordination of national economic plans, three forms of planning activities have been enacted since 1974:

- Long-term target programs as an attempt to integrate the perspective plans of the members on a sectoral basis. The programs are designed for five sectors: 1. energy, fuels and raw materials, 2. agriculture and food industry, 3. mechanical engineering, 4. industrial consumer goods and 5. transport, with sectors 1, 2, and 5 being of special importance to the less developed members. The long-term target programs are mainly agreements in joint investments, specialization and cooperation of production and cooperation in science and technology.
- The "Agreed Plan of Multilateral Integration Measures" which, besides some other provisions, encompasses all the measures of the long-term

target programs. The plan has four parts. Its third part explicitly concerns specific joint investment proposals and measures to raise the standard of living and the level of development of Mongolia, Cuba and Vietnam.

- Inclusion of special sections of socialist economic integration in the members' one-year, five-year and perspective plans to insure the national allocation of resources for CMEA agreements and projects.

Apart from these planning instruments, some new financing methods have been created to assist the less developed countries. They include the granting of credits by the CMEA banks at interest rates of 0.5 % - 2 % (compared to usual rates ranging between 4 % and 6 %), the training of skilled labour and the procurement of specialists, the establishment of joint enterprises, the assistance in research projects and the granting of preferential prices for exports to the less developed countries and imports from them. According to Western estimates, in 1982, these special pricing arrangements amounted to a subsidy of US $ 424 million to Cuba, US $ 40 million to Vietnam, and US $ 10 million to Mongolia (Brezinski 1986: 275). As to joint enterprises, there are only a few in the extracting industry.

So far, the results of this policy indicate a strong polarization of the LDCs' trade after joining the CMEA. In 1983, 89.2 % of Mongolian foreign trade was with the Soviet Union, 9.2 % with the other Eastern European countries of the CMEA (1970: 81.8 % and 17.3 %). For Cuba the corresponding figures were 76 % and 13 % in 1984 (1970: 52 % and 10 %), for Vietnam 63.2 % and 11.8 % in 1983 (1975: 20.2 % and 14.3 %) (Graziani 1985). The structure of trade as practised by the Soviet Union reflects a striking similarity to the Soviet commercial relations with the Third World countries. The USSR exports mainly machinery, equipment and petroleum and/or petroleum products against mineral raw materials, foodstuffs and agricultural crops, handicraft and light consumer goods. There are little differences to the general exchange pattern in North-South relations (Graziani 1985).

The 'socialist international division of labour' restricts the LDCs to the first stage of production: CMEA LDCs have been assigned the task of supplying the necessary raw materials, tropical and subtropical products such as coffee, tea, cocoa, citrus fruits, rubber for which the European CMEA members have a strong demand. At the same time, these less developed countries assure markets for the Soviet and Eastern European industrial products which are generally not competitive on the international

market and lack latest technology (Brezinski 1986: 274). Consequently, the less developed CMEA countries have increasingly had to adjust their economic role to the needs of the industrialized CMEA members. This has forced them to accept a pattern of international division of labour which makes it unlikely that this goal of closing the gap in the development between the less developed and the industrialized members of the CMEA can be achieved. On the contrary, it appears to be more likely that the course taken will eventually lead to an increasing dependency of the CMEA LDCs on the developed CMEA nations (Brezinski 1986: 298).

4. The Relations between the DPRK and the CMEA and its Members

Contacts between the DPRK and the CMEA date back to 1955, shortly after the CMEA really began to function. Henceforth the DPRK participated in international conferences at the CMEA level though not as a member. It took part in a conference on technological progress attended by delegates from all CMEA countries. It was also a participant at a conference in Berlin in July 1955 which discussed the coordination of railway traffic. In March 1956, at a conference of the CMEA members, the PRC, the DPRK and Mongolia set up the first interstate economic organization at Dubna, Soviet Union under the name of the United Institute for Nuclear Research. The DPRK also joined the Organization for the Cooperation of Socialist Countries in Telecommunications and Postal Services and the Organization for International Railway Cooperation in 1957. All these organizations are linked by treaties to the CMEA. The DPRK is still a member in these organizations and participates actively. So far about 120 Korean specialists have been trained and have worked at the United Institute for Nuclear Research.

In 1975 North Korea was invited for the first time to attend the 7th Session of the CMEA at Warsaw and to enter into official relations with the CMEA. It received the status of an observer. This status - not precisely regulated until the 1974 CMEA statute - entitles a country to participate in the work of the different organs of the CMEA. Having established official relations, the DPRK started to engage intensively in the various organs of the CMEA. At the same time the economic ties between the DPRK and the CMEA members improved (Brezinski 1979a: 149). Until the December 1961 Session, the DPRK regularly attended such sesssions and actively shared in the work of the various organs, especially of the Standing Commission.

The Sino-Soviet dispute and the Soviet proposals to transform the CMEA into a supranational organization reduced the intensity of the relationship.

The Sino-Soviet dispute might not have been so instrumental in weakening this relationship as many foreign observers believed, since the DPRK attended the December 1961 Session, whereas China did not make use of its observer status. This decision of the DPRK not to participate in the June 1962 Session, at which it was to be offered full membership (as were China, Vietnam and Mongolia), was rather due to the fear of losing its national sovereignity in the intended transformation of the CMEA into a supranational body (Kaser 1965: 57). Accordingly the DPRK declined membership and no longer attended the CMEA Sessions. However, by 1972, when the newly adopted Complex Programme seemed to have removed the danger of the CMEA becoming a supranational body, the DPRK again resumed its observer status and attended conferences regularly until 1978. Representation was taken care of by the ambassadors. Other countries with observer status delegate high-ranking politicians. When, at the 1978 Session the discussion concentrated on measures to improve efficiency in CMEA cooperation and implied a step towards factual supranationality as always favored by the Soviet Union (Brezinski 1985: 66) North Korea refrained from officially appearing at the Sessions of the CMEA.

Although the DPRK did not exercise its observer status at the sessions of the Council between 1962 to 1971, it still participated in the work of most Standing Commissions. Thus, from 1963 to 1967, it attended particularly meetings of the Standing Commissions for foreign trade, currency and financial problems, economic questions, ferrous metallurgy, chemical industry, machinery, oil and gas, geology, construction, light industry and statistics (Ginsburgs 1976: 91).

Until 1972 attendance declined and was limited to only that of the Standing Commission for foreign trade. The reason was obvious. The DPRK wanted to adopt her foreign trade plans with regard to those of the CMEA members. Although Pyongyangs representatives continued to be present at the meetings of several Standing Commissions, relations in general were rather cool. Since 1978 there has been no report of official North Korean delegations at meetings of the CMEA organs.

On the other hand, the DPRK has intensified bilateral relations with the various CMEA members. Such bilateral relationships were institutionalized by the establishment of the Intergovernmental Commissions on Economic, Scientific, and Technical Cooperation in the late sixties and early seventies. Nowadays, agreements on the annual commodity exchange and payments, as well as on the foreign trade relations under the five-year plans, as set up

in all CMEA countries, are negotiated and concluded in these commissions.

For most years since the foundation of the DPRK, the most important partner in foreign economic relations has been the Soviet Union. The economic relations between the two countries have been erratic at times, especially when the Koreans most eagerly tried to pursue their own national development strategy. But, when in 1966 Chinese assistance decreased in the wake of the Cultural Revolution, the DPRK again begged for economic, scientific and technical cooperation from the Soviet Union. The 1966 Soviet-Korean Agreement provided for a 160 million ruble credit at only 2 % interest. Repayment was envisaged over a period of ten years in equal annual installments, beginning in the year following the taking up of production by the respective enterprise constructed with Soviet assistance. This agreement rescheduled the payments of long-term credits granted in the past. Additional credits amounting to 360 million rubles were given for the period 1971 - 1975 and of 400 million rubles for 1976 - 1980 at similar conditions as those granted to CMEA's less developed members (Andrianov, Melnikov 1984: 44). All this resulted in an increase in Soviet-Korean trade and Korean surpluses in 1982/83 allow the conclusions that the Koreans were requested to repay some of the credits. The 1986 - 1990 five-year plan envisages a rise in Soviet exports to North Korea and further deliveries of investment goods such as a thermal power plant and a lead and zinc ore plant. In additon, the DPRK will have the presumed advantage of benefitting from CMEA price formation in foreign trade as agreed upon by the CMEA members in 1976. Thus, in the late 1970s North Korea enjoyed an advantage in her trade with the Soviet Union from which it imported half of its oil requirements (about 2 million tons in total annually) compared to her trade with China at world market prices.

The present structure of Korean-Soviet trade (1980 - 1983) mainly reflects Korean imports of oil and petroleum products (25 - 30 %), machinery and equipment (20 - 30 %), wheat (10 - 15 %) and coal (6 - 7 %), and Korean exports, mainly of magnesium (22 - 29 %), non-ferrous metals (22 - 27 %), rice (8 - 26 %) and machinery (2 - 10 %). This structure differs minimally from that of North Korean's trade with the other CMEA countries: exports of ferrous and non-ferrous metals, steel, magnesium, rice, tobacco and other agricultural raw materials; imports of machinery, equipment, coke, coking coal, other raw materials, fertilizers and consumer goods. In general, the foreign trade structure resembles that of North-South relations, except that North Korean machinery exports and especially that of metals have increased, whereas the share of raw materials has dropped. Table 4 illustrates the general and overall North Korean foreign trade structure.

Summarizing the situation of the DPRK in CMEA trade it appears to be better than that of the CMEA-LDCs. Since North Korea benefits from nearly the same favorable terms as the organization's members, it seems to be appropriate to classify the DPRK a factually associated member with a number of privileges and the freedom of choosing her partner(s) and remaining free from too close an integration into the CMEA cooperative system. So far, North Korea's policy of keeping balance between competing Chinese, Soviet, Western and especially Japanese interests in order to preserve her independence and, at the same time, to obtain concessions from all her partners has been successful (Zagoria 1983: 368). On the other hand, the Soviet Union still shows a strategic interest in the DPRK. As North Korea's largest trading partner she still has some economic leverage which is growing as North Korean economic prospects deteriorate. The increasing of Soviet trade with North Korea and the declining share of trade with the other CMEA members also reflects the possibility of a rising dependency on the USSR. Thus the DPRK's bilateral relations with the CMEA countries seem to be not only in the Korean interest in terms of a preservation of her independence but also in the Soviet interest and in that of the other CMEA nations. The latter have been facing a slowdown in economic growth. Since the beginning of the decade they are certainly not interested in increasing the number of CMEA members as long as the CMEA as an organization works inefficiently. They have no interest in assisting a member which is not willing to submit fully to the CMEA principles. The financial burden carried by the CMEA members for such cases as Mongolia, Cuba and Vietnam or Poland in the early 1980s have diminished the desire to integrate additional members. The DPRK, aware of the situation of the CMEA-LDCs seems to be little interested in joining the club.

Another question is whether the specific North Korean economic strategy can be pursued also in the future. The most recent North Korean foreign policy indicates that the preservation of her relatively high social standard and high economic growth rates among the other developing countries of the Asian region will have to be paid for by her economic adaptation to the international markets. This will have structural consequences for the domestic economy. The only alternative to this would be a strategy of austerity which implies a reduction in the social standard of living. Since

the DPRK badly needs the technology transfer from the West which the CMEA is unable to provide, the first option appears to be the more feasible. Consequently, the recent modification of North Korea's 'juche' strategy in the field of economics is logical. Obviously, the DPRK's interests can be served best by non-alliance and equidistance from the economies of the East as well as the West. No doubt, such a course will be difficult to sail.

Bibliography

- Amt für Nationale Wiedervereinigung (1982), Eine vergleichende Studie Nord- und Südkoreas, Seoul.
- Andrianov, V., Melnikov, V. (1984), Fruitful Cooperation between the USSR and the DPRK, in Far Eastern Affairs, Moscow 1984, 2, p. 42 - 51.
- Beitel, W. (1984), Wirtschaftshilfe des RGW an die Mitgliedsländer Mongolei, Kuba, Vietnam, Stiftung Wissenschaft und Politik, Ebenhausen.
- Brezinski, H. (1979a), The International Economic Relations between the DPRK and the CMEA and its Members, in: Kim, Y.-S. (ed.), The Economy of the Korean Democratic People's Republic 1947 - 1977, Kiel, pp. 140 - 174.
- Brezinski, H. (1979b), Die Wirtschaft der Koreanischen Demokratischen Volksrepublik (KDVR) - Strategien des Aufbaus einer sozialistischen Planwirtschaft, in: Kim, K.-T., Kaulins, A. (eds.), The Foreign Policies and Foreign Trade of the German Democratic Republic and the Korean Democratic People's Republic, Kiel 1979, pp. 58 - 76.
- Brezinski, H. (1985), Wandlungen in den Organisationsformen des RGW, in: Machowski, H. (ed.), Harmonisierung der Wirtschaftspolitik in Osteuropa, Berlin 1985, pp. 56 - 70.
- Brezinski, H. (1986), Economic Relations between European and the Less-Developed CMEA Countries, in: Joint Economic Committee, Congress of the United States, East European Economies: Slow Growth in the 1980's, Washington, vol. 2, pp. 272 - 298.
- Brillouet, A. (1978), République Populaire Démocratique de Corée. Une première analyse du second plan septennal, 1978 - 1984, Revue d'Etudes Comparatives Est-Ouest, Paris, vol. 9, 1978, 3, p. 197 - 211.
- Brillouet, A. (1983), Le commerce extérieur comme illustration de l'insertion de la République Populaire Démocratique de Corée dans le concert mondial, Revue d'Etudes Comparatives Est-Ouest, Paris, vol. 14, 1982, 2, p. 61 - 77.
- Bunge, F. M. (ed.) (1981), North Korea - a Country Study, Washington.
- Chung, J. S. (1974), The North Korean Economy, Stanford.
- Chung, J. S. (1983), Economing Planning in North Korea, in: Scalapino, R. A., Kim, Jun-Yop (eds.), North Korea Today - Strategy and Domestic Issues, Berkeley, pp. 164 - 196.
- Droker, L. S. (1982), North Korea: Performance and Prospects in Trade with the United States and the West, in: Joint Economic Committee, Congress of the United States, East-West Trade: The Prospects to 1985, Washington, pp. 182 - 202.
- Far Eastern Economic Review, Asia Yearbook 1985, Hongkong 1985.
- Ginsburgs, G. (1976), North Korea and Partners Practice Regional Self-Reliance, Pacific Community, Tokyo 1976, 1, pp. 84 - 104.
- Graziani, G. (1985), The Non-European Members of Comecon: a Model for Developing Countries?, paper presented to the III. World Congress for Soviet

and East European Studies, Washington.
- Grjaznow, G. (1979), Stroitel'stvo material'no-techniceskoj bazy socializma v KNDR, Moscow.
- Halliday, J. (1981), The North Korean Model. Gaps and Questions, World Development, Oxford, vol. 9, 1981, 9/10, pp. 889 - 905.
- Kaser, M. (1965), Comecon, London - New York - Toronto.
- Kim, J. I. (1982), On the Juche Idea, The People's Korea, Tokyo, 16.10.1982, p. 2.
- Kim, Y. S. (1985), Economic Cooperation between North Korea and Comecon Member Nations (I) and (II), Vantage Point, Seoul, vol. 8, 1985, 2 and 3, pp. 1 - 11.
- Lee, P. (1982), The Korean People's Democratic Republic, in: Wiles, P. (ed.), The New Communist World, London, pp. 307 - 331.
- Machetzki, R. (1983), Koreanische Demokratische Volksrepublik, in: Nohlen, D., Nuscheler, F. (eds.), Handbuch der Dritten Welt, vol. 8, Hamburg, pp. 90 - 114.
- Quarterly Economic Review (1985), China and North Korea, London.
- Smirnov, V. (1984), Development of Foreign Economic Ties of the Democratic People's Republic of Korea, Far Eastern Affairs, Moscow 1984, 2, pp. 37 - 45.
- Statistisches Bundesamt Wiesbaden (1984), Länderbericht Demokratische Volksrepublik Korea 1984, Stuttgart - Mainz.
- Suh, S.-C. (1983), North Korean Industrial Policy and Trade, in: Scalapino, R. A., Kim, Jun-Yop (eds.), North Korea Today - Strategy and Domestic Issues, Berkeley, pp. 197 - 213.
- Zagoria, D. (1983), North Korea: Between Moscow and Beijing, in: Scalapino, R. A., Kim, Jun-Yop (eds.), North Korea Today - Strategy and Domestic Issues, Berkeley, pp. 351 - 371.

Horst Brezinski
FB 5 (Wirtschaftswissenschaften)
Universität-Gesamthochschule
Paderborn
Warburger Straße 100
Postfach 1621
D-4790 Paderborn
FR of Germany

Table 1: National Income and Shares of Economic Sectors

	1953	1960	1965	1976	1982
National income in US $ billion	0.34	1.57	2.52	6.6	15.3
per capita national income in US $	40	145	182	410	810
share of industrial production in national income	27.5	57	64	70	76
share of agricultural production in national income	48.7	24	19	15	..
employment in %:					
industry	21	38	..	..	33
agriculture	66	45	..	..	49

Sources: R. Machetzki (1983: 103)
FEER Asia Yearbook 1985

Table 2: Production of Selected Products

	1949	1969	1970	1976	1984	1989 (plan)
electric energy (billion kWh)	5.9	9.1	16.5	28	55.7	100
coal (million metric tons)	0.7	10.6	27.5	50	82.5	120
crude steel (million metric tons)	0.14	0.64	2.2	3.2	7.6	15
cement (million metric tons)	0.54	2.3	4.0	6.8	14.4	20
fertilizer (million metric tons)	0.4	0.56	1.5	3	5	7
fish catch (million metric tons)	...	...	0.7	1.6	2.8	5
textiles (million square meters)	13	190	400	500	840	1500

Sources: R. Machetzki (1983: 104)
A. Brillouet (1978: 197)
The People's Korea (30. 3. 1985: 3)
Statistisches Bundesamt Wiesbaden (1984: 72)

Table 3: The Development of Foreign Trade between the DPRK and the CMEA Countries
(Unit: million US-dollars)

Year	Trade with the CMEA Exports 1	Imports 2	Total 3	Ex - Im 4	Trade with the USSR Exports 5	Imports 6	Total 7	Ex - Im 8	5 - 7 as % of total trade Exports 9	Imports 10	Total 11
1955	40.9	51.7	92.6	- 10.8	40.8	44.1	84.9	- 3.3	90.6	73.1	80.6
1960	91.1	67.1	158.2	+ 24.0	74.7	39.4	114.1	+ 35.3	48.5	23.7	35.7
1965	111.9	111.8	223.7	+ 0.1	88.3	89.8	178.1	- 1.5	42.4	38.6	40.4
1970	195.7	270.7	466.4	- 75.0	143.2	230.0	373.2	- 86.8	39.1	50.6	46.4
1974	280.3	338.6	618.9	- 58.3	196.5	256.7	453.0	- 60.0	39.2	22.8	27.8
1980	562.5a)	568.3a)	1174.8b)	- 5.8	438.0	443.4	881.4	- 5.4	24.5	26.3	25.4
1981	418.9c)	463.9c)	930.5d)	- 45.0	347.0	383.9	730.9	- 36.9	29.0	26.8	27.9
1982	578.4c)	519.1c)	1148.1d)	+ 59.3	499.5	438.8	938.3	+ 60.7	38.7	27.9	32.6
1983	517.1c)	433.1c)	984.6d)	+ 84.0	438.6	353.0	791.6	+ 85.6	38.4	24.9	30.5

a) without Mongolia, Vietnam and GDR
b) without Mongolia and Vietnam
c) without Mongolia, Vietnam, Cuba and GDR
d) without Mongolia, Vietnam and Cuba

Sources: J. S. Chung (1974: 130)
H. Brezinski (1979: 151)
U.N. Yearbook of International Trade Statistiscs, various editions
IMF-Direction of Trade, various editions

Table 4: Commodity Composition of North Korean Exports and Imports
(in percent)

	1953	1960	1964	1969	1981
Exports					
mineral raw materials	81.8	12.8	11.5	7.2	51
metals	9.0	43.7	49.9	39.6	
machinery and equipment	0.4	5.3	3.9	5.2	18
chemical products	0.1	12.1	6.0	8.0	
agricultural products	3.9	10.2	11.0	12.2	31
Imports					
machinery and equipment	34.3	22.5	21.2	30.2	37
fuels	9.8	18.3	22.1	19.3	12
metals	7.2	7.0	9.8	8.7	..
chemical products, rubber	9.8	6.2	11.8	8.2	..
agricultural products	0.2	19.9	2.1	10.0	21a)

a) food and raw materials

Source: Machetzki (1983: 111)

Plan, Robert, External Debt Rescheduling, Manzsche Verlags- und Universitätsbuchhandlung, Schriftenreihe Recht - Wirtschaft - Außenhandel, hrsg. von P. Doralt und H. Haschek, Wien 1985, 288 Seiten, öS 248,-

Plan untersucht das hochaktuelle Thema der Umschuldung von Auslandsschulden. In der Einleitung befaßt sich der Autor allgemein mit Länderrisiko, Illiquidität, Zahlungsunfähigkeit und mit der Wahrscheinlichkeit, daß ein Land seine Zahlungsunfähigkeit erklärt. Im ersten und zweiten Kapitel werden Techniken und Probleme der Umschuldungen im Rahmen des Pariser Clubs (staatliche und staatlich garantierte Kredite) bzw. der Umschuldungen mit den Geschäftsbanken ausführlich behandelt. Im nächsten Kapitel geht es um die Auswirkungen von Umschuldungen auf die Banken, um die Reaktionen der Bankaufsichtsbehörden sowie um die Rückwirkungen auf die Zahlungsbilanzen der Schuldnerländer. Es folgen Fallstudien zu Polen und Mexiko. Im Anhang finden sich Daten über die Umschuldungen bis Anfang 1984, eine kurze Beschreibung des amerikanischen Bankensystems und eine Zusammenfassung von 23 Vorschlägen zur "Lösung" des Verschuldungsproblems. Ein Register erleichtert die Benützung des Buches. Insgesamt handelt es sich um eine sehr nützliche und detailreiche Arbeit, die jedem, der sich mit dem Problem der internationalen Verschuldung befaßt, empfohlen werden kann.

Kurt Mauler

Welzk, Stefan, Nationalkapitalismus versus Weltmarktintegration? Rumänien 1830 - 1944 und Entwicklungskonzept zentrale Planwirtschaft - Paradigma Rumänien, Band 76 und 77, Sozialwissenschaftliche Studien zu internationalen Problemen, Verlag Breitenbach, Saarbrücken und Fort Lauderdale 1982, 199 und 519 Seiten

Die beiden Bände bilden eine analytische Untersuchung der Wirtschaftsentwicklung Rumäniens vom ersten Drittel des vorigen Jahrhunderts bis ca. 1980. Der Autor will die Möglichkeit einer autozentrierten Entwicklung im Rahmen einer zentralen Planwirtschaft studieren.

Um 1830 begann die Integration Rumäniens (damals noch die Fürstentümer Walachei und Moldau) in den Weltmarkt. Das Land war ein wichtiger Produzent und Exporteur von Getreide. Der Großgrundbesitz beherrschte die Landwirtschaft, die Bewirtschaftung des Bodens erfolgte jedoch durch Kleinbauern, die Teilpächter waren. Die Produktionssteigerungen bei Getreide erfolgten vor allem durch Ausweitung der bebauten Fläche, kaum durch Produktivitätsfortschritte. Die Aufhebung der Leibeigenschaft (1864) brachte keine Verbesserung der bereits elenden Lage der Bauern. Ablösezahlungen verhinderten sowohl die Entstehung eines Massenmarktes wie auch die Modernisierung der Produktion. Der Verfall des Weizenpreises infolge der überseeischen Konkurrenz verschlimmerte noch die Lage.

Um Getreide exportieren zu können, wurde der rumänische Markt für ausländische Industriewaren geöffnet. Dies führte zu einer weitgehenden Zerstörung des einheimischen Handwerks und Gewerbes. Ab 1885 versuchte man, mit Hilfe von Schutzzöllen und mit ausländischem Kapital eine Industrie aufzubauen. Dieser Versuch scheiterte vor allem an der fehlenden Massenkaufkraft. "Jenseits der exklavenhaften Ölbranche waren die Industrialisierungsfortschritte dürftig. Nicht nur gegenüber den westlichen Industrienationen sondern auch gegenüber den Nachbarländern Ungarn und Rußland nahm der Entwicklungsrückstand zu ... Die Kaufkraftschwäche einer verelendeten Bevölkerung war durch keine noch so entschiedene Schutzzollpolitik zu beheben." (Bd. 1, S. 62)

Industrialisierung für den Inlandsbedarf war das wirtschaftspolitische Ziel nach dem Ersten Weltkrieg. Eine Agrarreform, die nie wirklich