

DPRK SCHOLAR ADMITS CURRENCY REFORM GOAL WAS EXPANDED PUBLIC FINANCES

The director of the (North) Korea Institute of Social Sciences has publically stated that the shocking currency reforms announced last November were aimed at filling the state's public finance coffers.

In an interview for the Choson Sinbo, a newspaper distributed by the pro-North 'General Association of Korean Residents in Japan,' director Kim Cheol Jun revealed, "[last year's] currency exchange program in [North Korea] was effectively carried out...through the currency exchange, socialist economic management principles could be better realized and a public finance foundation was prepared on which leaping advancements in the lives of the people will be achieved."

Many experts in South Korea and abroad had speculated that the North's objective in revamping its currency was to boost public coffers, but this was the first time that anyone from North Korea had publicly alluded to such goal. Director Kim stated that last year was a year 'carved into history' as the year in which the nation was turned around toward the realization of the goals set for 2012, noting that new seeds had been developed to boost crop yields, and that double- and triple-cropping as well as improved potato and bean crops had been accomplished.

Director Kim also stated that a decisive turn-around had been made in resolving food shortage problems, noting the successful development of Lyosell as one example of improved production in North Korea. Lyosell is a silk-like material made from wood pulp transformed into cellulose, and is softer and more hygroscopic than cotton, yet almost as strong as polyester.

Director Kim added that last year also saw the completion of the Yeoungwon Powerplant, the Yeaseong River No. 1 Youth Powerplant, and the Keumya River Powerplant, as well as the installation of Computer Numerical Control (CNC) systems in the Taean Heavy Machinery Complex, the Cheollima Steel Complex, and the Hyecheong Construction Machinery Factory.

Following the currency reform, there was a total lack of policy to stabilize the lives of the North Korean people, and the ban on foreign currency, closing of markets and other control measures only pushed residents to the brink. On December 28, North Korean authorities released a memorandum completely banning the use of foreign currency, and since the beginning of the



new year, markets throughout the country have been closed, causing people in the North to turn to barter in order to obtain food. However, the schedule for the closing of markets varies by region, and the state authorities have been unable to enforce state-set pricing as the government has been faced with more than a little resistance to the currency reforms.