



DPRK STRENGTHENS CONTROL MECHANISMS WITH REVISED LAW ON THE PEOPLE'S ECONOMY

North Korea has recently revised its law governing the planning of the People's Economy, significantly strengthening the state's ability to oversee and control economic activities throughout the country. The South Korean Ministry of Unification recently released the contents of the law, which the North revised on April 6, as well as details of two laws created by the Supreme People's Committee Standing Committee on July 8; the Law on Labor Protection (Order 945) and the Chamber of Commerce Law (Order 946).

The new law on economic planning contains seven new articles, but since the details of the August 2009 revision were never made public, it is unclear when the new articles were added. What is clear, however, is how different the new law is when compared to the Law on Planning the People's Economy that was passed in May, 2001 and the Economic Management Reform Measure enacted on July 1, 2002, both of which significantly boosted the autonomy of business managers and eased government restrictions on economic activity.

With the July 1 Measure, the authority of the National Economic Planning Committee was downgraded, central allocations were graduated based on managerial autonomy and profits, the central rationing system was dismantled, and wages were increased. While the economic planning law of 2001 and the July 1 Measure of 2002 eased restrictions on, and oversight of, the people's economy, the newly-revised law strengthens state control. The new law appears to not only return but also bolster the central control mechanisms that were eliminated by the 2001 law.



Article 16 of the new law states that the planned economy will be based on prepared figures, while Article 18 states that enterprises, organizations and companies will operate on the principle of ensuring regulated numbers, and Article 24 requires the people's economic plan, drafted by the Cabinet, State Planning Organization, and regional authorities, to be broken down in detail, by timeframe and indexes, and distributed to enterprises, organizations and companies by the end of October. The planning law passed in 2001 called for economic plans to be drawn up based on production statistics provided from 'below' and passed up through chains of command (Article 17), but this has been eliminated from the new law.

With the revision of the law on labor protection, North Korea has added more specific language to Article 12 of the 'Socialist Labor Law', which was established in April 1978. Article 12 of the Law on Labor Protection states that the protection of laborers' work is the primary demand of the socialist system, which sees the people as the most precious resource. The law strengthens the role of the state in protecting laborers, and identifies 'difficult and strenuous' jobs, including mining, fishing, and earthquake investigation. Workers in these fields are to be given favorable treatment, including the issuance of additional clothing, food and other rations.

In addition, the law covers the installation and maintenance of safety equipment, the issuance of protective gear, and additional protections for female workers. It also restricts work to eight hours per day and guarantees holidays and time off, health care, and protection of property. These and other articles in the law increase state management of workers, but defector testimonies paint a different picture. Most workers save their wages with the assumption that they will have to pay bribes, medical costs and other expenses out-of-pocket.



The law on commercial activity further details the 'Chamber of Commerce Regulation' handed down by the Cabinet in 2008. The law covers a range of duties and rights regarding commercial operations, including contracts and operations regarding joint ventures with foreign firms; legal letters of confirmation, certificates of country of origin and other paperwork related to trade issues; as well as exhibitions and conventions held in conjunction with foreign businesses.