

DPRK TIGHTENING THE REIGNS IN ORDER TO SECURE PUBLIC FINANCE

The latest edition (2008, no. 2) of North Korea's quarterly economic publication "Economic Research" urged for further regulation of public finance in order to ensure that the public finances necessary for the construction of an 'Economically Powerful State' are available.

The journal, which was brought into South Korea on July 29, contained an article titled, "Further Strengthening of Public Finance Regulations at the Present Time [will serve as] Important Collateral to Completely Guarantee the Capital Necessary for Socialist Economic Construction." In the article, it stressed, "Public finance regulation is one form of state regulation through the monetary sector," and, "Public financial security for the construction of an economically powerful state varies considerably according to how regulation and distribution functions are carried out.

North Korea has set the goal of construction of a 'Strong and Prosperous State (Ideologically, Militarily, and Economically Powerful State) by 2012, the 100th anniversary of the birth of the country's founder, Kim Il Sung. In light of that goal, Pyongyang has prioritized economic prosperity for this year, the 60th anniversary of the DPRK government, calling for a 'full-scale offensive' by all the people of the North.

"Economic Research" stresses the following three points for strengthening public finance: 1) further strengthening the coordination of the state's guidance for economic enterprises, 2) ensuring the utility of economic enterprises, and, most importantly, 3) strictly establishing public finance regulations.

In particular, the establishment of public finance regulations was defined as, “guaranteeing efficient use of capital through the protection and endless expansion of the country’s public financial resources, as well as the complete protection of the capital necessary for state and business operations and efficient elimination of all current misappropriation.” This type of statement makes it appear as if diversion and misappropriation of North Korean finances are regular occurrences.

The journal called for strengthening of management and organization for the financial offices of public finance centers, businesses, and organizations in order to effectively enforce public finance regulations, and for the creation of auditing committees at enterprises and organizations to ensure this takes place.