

Comparative Study of North and South Korean Economies

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ABSTRACT

After the combat in the Korean War came to an end in 1953, Both South and North Korea proceeded in completely opposite ways after that. There is a universe of difference between their economies and the way they live their lives between the two of them. The demilitarised zone is a territory that is four km wide and runs along the 38th parallel. It approximately divides the Korean peninsula in half from north to south. South Korea operates under a mixed market economy and boasts one of the most developed economies in the world to the south of the demilitarised zone (DMZ), in contrast to its neighbour to the north, which is a military dictatorship that tightly governs the country's economy. It combines elements of free-market capitalism with the monitoring and management of the economy by the government. It has a diversified economy, with a strong focus on technology, manufacturing, electronics, vehicles, and shipbuilding; yet, these sectors account for the majority of its revenue. whereas its neighbour to the north, North Korea, is ruled by an oppressive military regime. The economy of North Korea is a centrally planned system in which the role of the free market is restricted, although it is rising. This system is profoundly rooted in communism, and it is governed by the Kim family. The state places a significant amount of importance on heavy industries including mining, metallurgy, and the production of goods related to the military.

Although South Korea's economy is capitalist in nature, it is a highly developed mixed economy that is dominated by family-owned corporations known as chaebols. The nominal GDP estimate as of 2021 stands at \$35.89 BILLION, while the economy of South Korea is capitalist in nature. As of the year 2021, the estimated value of the nominal GDP is 2,071 trillion. As a result of this, South Korea's gross domestic product was approximately 57 times higher than that of North Korea. When compared to South Korea, the general standard of living in North Korea is considered to be poorer. The nation struggles to provide its citizens with sufficient living conditions and basic amenities due to the financial constraints it faces. Despite the fact that South Korea has experienced enormous economic growth and an overall improvement in its citizens' level of life, the country's income disparity may yet wind up being even larger.

However, following the conclusion of hostilities in the Korean War in 1953, South and North Korea proceeded in diametrically opposed directions. Their economies and ways of life are completely unrelated to one another in every manner. South Korea has a mixed-market economy and, to the south of the demilitarised zone (DMZ), has one of the most developed economies in the world. South Korea is governed under a mixed-market economic system. On the other hand, its neighbour to the north is a military dictatorship that exercises strict control over the economy of their country. It also contains aspects of free market capitalism in addition to aspects of government monitoring and regulation.

International Trade, Efficient Regulation, Industrialization, Labour Market, and GDP are some of the **Keywords** that may be found here.

INTRODUCTION

Prior to the outbreak of World War II, the entirety of the Korean Peninsula comprised a single, contiguous region. The Soviet Union, a communist nation, managed to take control of the northern half, while the United States maintained authority over the southern half. As a direct consequence of the occupation and the ensuing Korean War (1950–1953), which has continued to keep these two countries at a distance from one another to this day, it was inevitable that the two countries would go in two separate directions. The fighting that took place in Korea from 1950 to 1953 during the Korean War resulted in the division of the country into North and South Korea. The following is a condensed explanation of the divorce.

Background:

Before the partition in 1910, Korea comprised a single nation that was under Japanese administration until 1945. As a direct consequence of its defeat during World War II, Japan withdrew from Korea following the war's conclusion. The geopolitical

tensions that existed between the United States and the Soviet Union during the time of the Cold War were the original impetus for the split that exists today between North and South Korea. The Korean Conflict

The invasion of South Korea by North Korea on June 25, 1950, with support from the Soviet Union and China, was the initial act of hostilities that occurred during the Korean War. After three years of fighting, there was a deadlock between the opposing military forces.

The Korean Armistice Agreement was signed on July 27, 1953, putting an official stop to the war that had been going on since 1950.

However, there was never any kind of official peace deal made. Demilitarised zone (DMZ): As part of the armistice, a demilitarised zone was formed along the 38th parallel to act as a buffer zone between North and South Korea. This zone was designated as the demilitarised zone (DMZ). The Demilitarised Zone (DMZ) is approximately 250 kilometres long and 4 km wide, and it serves as a physical divide between two distinct parts of the Korean Peninsula.

Political Methodologies:

North Korea: Following the conclusion of the war, North Korea transitioned to communism and established a totalitarian regime under the leadership of the Workers' Party of Korea. It is ruled by a centralised government that is controlled by a single party. On the other side, South Korea has chosen to operate under a democratic system.

The development of political freedoms, a multi-party system, and elections at regular intervals took place over the course of time.

The North Korean government instituted a command economy, which placed an emphasis on centralised planning and state control early on in the country's economic development. Economic challenges have been suffered by the nation as a result of international sanctions, a dearth of foreign investment, and a priority placed on spending money on the military.

South Korea: The nation made the decision to adopt a market-based economy, which encouraged unrestricted business and entrepreneurship. As a result of its rapid industrialization and growth, which was driven primarily by exports, it swiftly became one of the most powerful economies in the world.

Relations and Interactions:

Over time, tensions have grown in the relationship between North and South Korea.

The political upheaval, military provocations, and North Korea's development of nuclear weapons have all contributed to the strained state of relations between the two countries. There have been some attempts at rapprochement and collaboration every once in a while, such as inter-Korean summits and diplomatic dialogues, but it is still tough to put an end to the conflict for good.

THE NORTH KOREAN ECONOMY: (AN INDEPTH ANALYSIS)

The Democratic People's Republic of Korea (DPRK), sometimes known as North Korea, has an economy that is closely controlled by the state and is centrally planned. There is very little economic freedom in this economy. Since certain aspects of the North Korean economy are shrouded in mystery, it can be challenging to obtain information that is both accurate and up to date. Based on the information that is currently available to us, the following provides a concise summary of the economy of North Korea. Every communist nation is required to have a command economy as one of its core components. In a command economy, the planning and management of the economy are handled centrally by the government. The majority of economic activity in North Korea is overseen and controlled by the government, which operates the country's economy according to the principle of central planning. The Workers' Party of Korea, which currently holds power in Korea, guides economic policy through its central planning apparatus. The State Planning Commission is primarily responsible for carrying out the functions of this apparatus.

The allocation of resources, the decisions about production, and the distribution of goods and services are primarily within the control of the state. The administration of North Korea makes the decisions regarding what should be produced, how much should be produced, and how much should be sold of whatever it is that is produced. There is not much of a connection between North Korea and the rest of the globe at this time. On the basis of the scant information that is currently available, North Korea has been given the lowest possible score on the 2023 Index for Economic Freedom, which is 2.9. The 39 countries that make up the Asia-Pacific region place North Korea dead bottom among them. The autocratic government that rules North Korea continues to be opposed to democratic changes and economic liberalisation. The dictatorship continues to run under the state command and control structure, although making a few attempts at market reform. This system has, for years, pushed the country and its people perilously close to declaring

bankruptcy. The Communist Party exercises authority over each and every element of economic activity. The North Korean government essentially acknowledged that they are a nuclear power. Because of years of bad financial management, relative autarky, and resource misallocation, the country has been facing continuing economic troubles and food shortages since the middle of the 1990s. These issues were caused by a misallocation of resources.

Function of Government • There is currently no tax system that is both fair and effective. Every significant undertaking falls under the purview of the government. Nearly all of the country's gross domestic product (GDP) is created by state-owned companies, and the majority of the items that are produced are done so at levels that are established by the state. The vast amount of money that North Korea pours into its military further depletes its already meagre supply of resources. The government maintains a significant level of control over the economy's most important industries and subsectors. Major industries, such as heavy industry, mining, energy, and agriculture, are owned and run by the state. Private enterprise and foreign investment are limited, and the government strictly supervises economic activity in order to maintain control over resource distribution and allocation. In recent years, North Korea has enacted a limited number of changes that are market-oriented, most notably in the agriculture sector. The government has authorised certain private plots and small-scale marketplaces, which are together referred to as "Jangmadang," in which individuals are permitted to participate in private farming and small-scale commercial activity.

Despite this, the state continues to exercise a high degree of control over these sectors, and overall market reforms are not nearly as advanced as they are in other economies.

Efficiency of the regulatory framework

The state continues to heavily manage the economy through the use of central planning and control in economic policy. Entrepreneurial undertakings are still essentially impossible. Since the economic changes in 2002, factory managers have had some degree of autonomy in determining compensation and providing incentives, but the government still maintains power over the labour market. It is well known that the government of North Korea maintains an extremely high level of control and regulation over the working environment there. It is well known that the government of North Korea maintains a high level of oversight and control over the country's working environment.

The following is a list of important features of the working conditions in North Korea:

Jobs That Are Distributed by the State: When it comes to assigning individuals to jobs and distributing employment opportunities, the government plays a key role. The requirements of the state take precedence over individual preferences or the requirements of the market when it comes to making employment decisions. It is expected of the many workers who have been placed in state-owned firms, collective farms, or government institutions that they carry out the responsibilities that have been given to them. There have been allegations made regarding the use of forced labour in North Korea, specifically within the country's prisons and other detention centres. Prisoners who have been convicted of political offences or who have been thought to be disloyal to the state may be made to perform forced labour as a form of reeducation or as a form of punishment.

The government is responsible for regulating the flow of both investment and commerce in a given economy. Because the military establishment has such a grip, it is unlikely that there will be any meaningful changes in the near future. Access to funding is highly limited, in addition to being subject to other limitations, inside the authoritarian economic system, which is still firmly under the control of the state. Over time, both the volume and variety of international trade have increased. Initially, only the Soviet Union and China were allowed to engage in trade; however, beginning in the 1960s, this has gradually expanded to include a greater number of countries. Commercial relationships with China, South Korea, Russia, Japan, India, and Thailand are of great importance. The majority of the promotion of trade with South Korea is the responsibility of private firms. At the late 1990s, another one of North Korea's special economic zones, a free-trade zone, was established at Rajin-Snbgong, which is now known as Rasn. This zone is located in the northern province of North Hamgyng. The majority of imports consist of consumable goods, including foodstuffs, other agricultural products, mineral fuels, machinery, and textiles. Live animals and agricultural products, textiles and clothes, machinery, mineral fuels and lubricants, and equipment are some of the items that are exported.

Poverty is directly correlated to the expansion of heavy industry as well as financial investments made in the iron and steel, machine tool, and cement industries. The regime's concentration on *songun*, which is a kind of military-first politics, has only served to make North Korea's preexisting economic problems even more difficult to solve as a direct result of the deficiencies of these programmes. Since the end of the Korean War some decades ago, there has been no discernible improvement in either the region's industry or power output. In the 1990s, the economy of North Korea went through one of its worst periods of stagnation and came dangerously close to failing completely. A food crisis ensued in the wake of the dissolution of the Soviet Union and a series of catastrophic disasters occurring one after another.

GDP AND GROWTH RATE

According to the World Factbook published by the CIA, the gross domestic product (GDP) of North Korea is estimated to be in the range of \$40 billion. According to the figures, each individual in North Korea contributes \$1,700 to the country's GDP. The agricultural sector contributes 22.5% to the GDP, while the industrial sector contributes 47.6%, and the service sector contributes 29.6%. Analysts believe that the nation is continuing to put a significant amount of money on its military, even though this is hindering its capacity for economic expansion. China is North Korea's largest economic partner at the moment, and in the most recent year, North Korea is reported to have spent almost 24 percent of its GDP, or approximately \$4 billion, on its military defence. China is North Korea's most important ally in terms of both its economy and its foreign policy. In 2017, China received close to 86 percent of North Korea's total exports to the region. Estimates indicate that over the course of these years, the growth of North Korea's GDP has fluctuated. An overarching summary is as follows: The Beginning Years and the Beginning of Industry (1950s-1970s): The early years of North Korea's history were marked by relatively strong rates of GDP growth, which were propelled by the country's efforts to industrialise and its investments in heavy industries. The Soviet Union and other communist countries provided major financial assistance to the nation, which allowed it to thrive economically. The 1990s were a time of severe economic difficulties for North Korea, which coincided with the country's descent into economic decline. A slowdown in GDP growth was brought about not only by the dissolution of the Soviet Union but also by the occurrence of natural disasters and the failure to implement necessary economic reforms. The "Arduous March" refers to this time period, which was characterised by a severe economic collapse and widespread starvation. This time period is commonly referred to as "Arduous March." phases of Economic Recovery and Stagnation (2000s-Present): In the 2000s, North Korea saw occasional phases of economic recovery, which were mostly driven by modest market-oriented reforms and greater trade with China. However, these periods of economic recovery were followed by periods of economic stagnation. However, international sanctions that were put on the country as a result of its nuclear weapons programme have hampered the growth of the country's economy. In recent years, the rate of expansion of North Korea's GDP has been on the low end of the spectrum and vulnerable to swings.

COMMERCE INTERNATIONALE

Because of the international sanctions imposed on North Korea, the country's ability to engage in international commerce is severely constrained. The primary objective of these sanctions is to put a stop to the development of nuclear weapons in North Korea as well as other illegal activities. Because of this, the volume and breadth of the country's trade are drastically reduced when compared to those of other countries. The following are some important aspects to consider with regard to North Korea's participation in international trade:

a) Sanctions and Restrictions:

United Nations Sanctions: The United Nations Security Council has implemented successive rounds of sanctions in response to North Korea's destabilising behaviour. Because of these prohibitions, trade in a variety of areas, including armed weapons, luxury items, mineral trade, and financial activities, is restricted.

Sanctions can be either unilateral or bilateral. A number of countries, notably the United States of America, South Korea, Japan, and the European Union, have imposed new unilateral sanctions on North Korea, which has further reduced the number of chances for trade.

b) Trading Partners Who Are Restricted:

China is North Korea's major trading partner, accounting for a significant chunk of its total trade volume despite North Korea's modest commercial activity. North Korea relies heavily on China for its crucial economic support, which includes the provision of food and electricity. Other trading Partners: In addition, North Korea has trading links with a select number of nations, the most of which are located in Asia and Africa. It's possible that Russia, India, Pakistan, and Malaysia are among these countries, as are certain states in Africa.

c) The Exportation and Importation of Goods:

Coal, minerals, textiles, labour (overseas workers), and some agricultural products are among North Korea's primary exports. North Korea also exports some goods from the agriculture sector. Imports: North Korea is reliant on other countries to supply it with critical goods such as oil, machinery, electrical equipment, food products, and some raw materials.

d) Illicit Business Activity and Smuggling:

As a result of the limitations imposed by sanctions, there have been claims that North Korea is participating in activities such as smuggling and illegal commerce in order to get around the limits and make money despite the sanctions. These operations can entail the trade of illegal items or the use of deceptive practises to hide the origin of transactions or the nature of the business being conducted.

LIMITATION OF ECONOMIC DATA

The North Korean government is notorious for keeping the details of its economy a closely guarded secret. Since 1965, the region has refrained from making any measurements or information regarding the state of its macroeconomic climate available to the general public. The Ministry of Unification, The Bank of Korea (South Korea), The Korea Trade-Investment Promotion Agency (KOTRA) for trade information in particular, and The Bank of Korea (South Korea) are some of the few sources that provide fundamental economic statistics on North Korea.

ECONOMIC SITUATION OF SOUTH KOREA

The economy of South Korea is a well developed example of a mixed economy. In terms of nominal gross domestic product, its economy is ranked 12th in the world and fourth in Asia. In the span of a few decades, South Korea moved from being a developing nation with a high revenue to one that was impoverished and lacked development. The country's current economic growth, which has been termed the "Miracle on the Han River," is largely responsible for its capacity to join the OECD and the G-20. Even after the Great Depression and the COVID-19 depression, South Korea has maintained its position as one of the developed nations with the highest growth rates in the world. It is predicted that by the middle of the 21st century, this nation would be in a position to have significant influence over the economy of the entire world, and as a result, it has been designated as one of the Next Eleven nations. The development of a populace that is both driven and educated, which came about as a direct result of South Korea's educational system as well as other reasons, was a big contributor to the high technology boom and economic expansion of the country. South Korea has recently begun to execute an economic policy that places an emphasis on exports in an effort to stimulate its flagging economy. In 2022, South Korea achieved the rank of seventh in the world for both its imports and its exports.

GDP OF SOUTH KOREA:

Since the end of the Korean War, South Korea, which is now formally known as the Republic of Korea, has gone through a period of enormous economic growth and transition. The following is an overview of the Gross Domestic Product (GDP) and its growth in South Korea:

1. Size of the GDP • South Korea's economy has one of the greatest GDPs in the world in September of 2021. The nation's nominal gross domestic product was around \$1.6 trillion in the year 2020, placing it as the 12th largest economy in the world. The tremendous economic growth and increased industrialisation that South Korea has experienced over the course of the last few decades has earned it the nickname "one of the Asian Tigers."
2. Growth in historical GDP: • The expansion of the South Korean economy has been quite amazing. During the 1960s and 1970s, the nation saw what is now referred to as the "Miracle on the Han River," which is a period of time in which the country saw significant GDP growth rates. The government enacted several economic strategies, placed an emphasis on manufacturing with an export orientation, and invested in significant industries like as electronics, automobile manufacture, and shipbuilding. South Korea's gross domestic product (GDP) continued to expand strongly during the 1980s and 1990s, albeit at rates that were marginally less rapid than in earlier decades. Reforms in the economy, political stability, and advances in technology all contributed to the country's continuous economic prosperity. • At the beginning of the 2000s, South Korea was confronted with a number of difficulties as a result of the Asian financial crisis that occurred in 1997 and the worldwide economic recession that occurred in 2008. Despite this, the nation was able to recover very swiftly, and economic expansion continued unabated.
3. Recent Growth in GDP: • Although it has suffered oscillations in recent years, South Korea's GDP growth has been reasonably stable, and these fluctuations have been impacted by both global economic conditions and domestic variables. The pandemic caused by COVID-19 also had an effect on the economy of South Korea, which resulted in a momentary slowdown in GDP growth in the year 2020. The Gross Domestic Product (GDP) of South Korea increased by 2.0% in 2019. However, because of the slowdown in economic activity around the world that was brought on by the pandemic, its GDP fell by 1% in the year 2020.

IMPORTANT FACTORS THAT DRIVE ECONOMICAL EVOLUTION

South Korea's economy has undergone one of the most dramatic revolutions in the last sixty years. In the 1960s, the economy was primarily centred on agriculture during the time. In terms of gross domestic product, it has become one of the largest economies in the world, headed by industries such as electronics, telecommunications, automobile production, chemicals, shipbuilding, and steel. Other leading industries include shipbuilding, and steel. It is possible to trace the expansion of South Korea's economy to a number of important causes that have been instrumental in the country's amazing change, including the following:

1. **Industrialization with an Eye Towards Exports** South Korea has adopted the policy of industrialization with an eye towards exports, with the primary goal of establishing a robust manufacturing sector. Industries such as electronics, vehicle manufacturing, shipbuilding, and petrochemicals all benefited from the government's backing and various financial incentives. This strategy aided South Korea in becoming a significant player in global markets and contributed to the country's increased economic growth.
2. **Investments in Education and Research** South Korea positioned education and research and development (R&D) at the forefront of its investment strategy. The nation's concentration on a highly educated workforce and technical innovation has contributed to economic progress and fostered the development of industries that can compete successfully on a global scale.
3. **Technological Advances** South Korea has been at the forefront of technological advances, notably in the areas of electronics and information technology, and this position has been maintained for some time. The expansion of South Korea's economy and its ability to compete globally has been fueled in large part by the achievements of corporations such as Samsung, LG, and Hyundai.
4. **Robust Infrastructure** South Korea has made enormous investments in the development of a robust infrastructure, which includes energy systems, telecommunications networks, and transportation networks, among other things. Because of this, industrial development has been promoted, trade has been facilitated, and foreign investment has been recruited.
5. **Commerce Liberalisation and Global Integration** South Korea aggressively participated in international commerce and pushed policies that would liberalise the trading environment. The nation has expanded its market access and increased the number of chances available for exports by entering into a number of free trade agreements (FTAs) with a variety of countries.
6. **A Political Climate That Is Relatively Unchanged** The political climate in South Korea is relatively unchanged, and this, together with the country's well-defined policy goals, has created an environment that is conducive to economic expansion. Investments, both domestic and foreign, have come as a result of the country's strong administration and consistent economic policies.
7. **Entrepreneurship and Small and Medium-Sized Enterprises (SMEs):** South Korea has a thriving culture of entrepreneurship and a significant number of small and medium-sized businesses. These companies have been instrumental in the advancement of technology, the production of new jobs, and the expansion of the economy.
8. **Support from the Government and Economic Planning** The government of South Korea has been very involved in the process of encouraging economic growth through the implementation of various industrial policies, investment incentives, and strategic planning. This has contributed to the creation of an atmosphere that is beneficial to the growth of enterprises and the economy.

In addition to these elements, others such as a strong work ethic, skilled labour force, and an emphasis on quality and innovation have together contributed to the phenomenal expansion of South Korea's economy over the past few decades. This growth has allowed South Korea to become one of the world's most innovative and technologically advanced economies.

South Korea has made substantial progress in terms of labour, taxation, and regulatory efficiency. South Korea has made substantial strides in terms of governmental policy, taxation, and regulatory efficiency. A more in-depth examination of each of these facets:

1. **Workforce:** South Korea's workforce is among the most highly educated and skilled in the world, which has been a significant contributor to the country's overall economic growth. The South Korean employment market can be described as very competitive and flexible on the whole. On the other hand, it is important to point out that, in

comparison to rules in other countries, those governing labour can be quite stringent, and labour unions wield a large amount of power. South Korea has been making attempts to address problems with the labour market and to promote the creation of new jobs. The government has launched a number of programmes to provide assistance to small and medium-sized businesses (SMEs) and to inspire individuals to start their own businesses. They have also enacted labour market reforms to boost flexibility, such as allowing for more flexible working hours and introducing a peak wage system to encourage older workers to retire and make place for younger workers. Both of these reforms are intended to increase the amount of room for younger people in the workforce.

2. Taxation South Korea's tax system is progressive, meaning that individuals and corporations with higher incomes are subject to higher tax rates. This also applies to corporations. Individuals can expect to pay anything from 6% to 42% of their income in taxes, depending on how much money they bring in. Large corporations are subject to a tax rate of 25%, while smaller businesses are subject to a rate of 20%. In order to stimulate business investment and R&D endeavours, the government has established a number of tax breaks and deductions. For instance, there are tax breaks available to businesses who operate in certain sectors or locations, as well as tax credits for enterprises that make investments in research and development.

3. South Korea has been making efforts to increase regulatory efficiency and promote ease of conducting business. The federal government has taken a number of steps to simplify existing regulations and lessen the administrative costs placed on commercial enterprises. They have set up regulatory reform committees and agencies in order to examine, modify, and streamline existing regulations and administrative processes. In recent years, South Korea has also placed a strong emphasis on digital transformation and initiatives undertaken by the e-government in order to improve the effectiveness of regulatory processes. Accessibility has been increased, and organisations and individuals alike have experienced a reduction in paperwork thanks to the proliferation of digital platforms and online services. Nevertheless, in spite of all of these efforts, there are still certain obstacles. The regulatory environment in South Korea is still capable of giving the impression of being overly complicated due to the presence of numerous regulatory agencies and regulations. The nation is continuing its efforts to make government procedures less cumbersome and to foster an atmosphere that is friendlier to commercial enterprises. Overall, South Korea has made tremendous progress in the growth of the labour market, laws regarding taxation, and the effectiveness of regulatory processes. However, just like every other nation, there is always space for development, and the government is continually working towards addressing difficulties and encouraging an atmosphere that is conducive to successful business.

INDUSTRY:

Over the course of its existence, the industrial sector has continually contributed to the nation's Gross Domestic Product (GDP), while also providing employment for around one-quarter of the working force. Manufacturing within the sector—which includes mining, building, electricity, water, and gas as its subsectors—has been the primary driver of economic growth, particularly in the 1980s. Subsectors within the manufacturing sector include mining, building, electricity, water, and gas. In 2014, manufacturing contributed 30% of the industrial sector's 38% share of the gross domestic product. This figure represents an increase from 1991, when manufacturing's portion of the industrial sector's 39% contribution was 25%. As of the year 2021, the contribution of manufacturing to GDP is 28%. The most important industries in South Korea include electronics, automobiles, telecommunications, shipbuilding, and chemical and steel production. The country is one of the largest makers of electronic devices as well as semiconductors, and it is home to some of the most well-known companies in the industry, such as Samsung Electronics Co. Ltd. and Hynix Semiconductor (SK Hynix Inc.). The automobile industry in this country is quite innovative and boasts a significant capacity for the production of motor vehicles. The assistance of the South Korean government was essential in

Create a marketplace for information and communications technology that is one of the most active in the world. Discrepancies between the economies that can be deduced from the facts and statistics presented previously allow us to reach the following conclusion: the political system, economic system that is utilised, and national ideology of the two Koreas each contribute significantly to the great discrepancies that exist between the economies of the two Koreas. North Korea, which has one of the most centrally planned economies in the world and one of the least open economies, has persistent economic challenges. Whereas South Korea has become one of the most astonishing economic success stories of the 21st century, becoming a sophisticated, globally linked, high-technology society within decades, the economy of North Korea is rated 153rd in the world. South Korea has emerged as one of the most remarkable economic success stories of the 21st century.

CONCLUSION

South Korea has had tremendous economic progress whereas North Korea has struggled to provide prosperity for its population ever since the two countries were split apart. In conclusion, the economies of North and South Korea have taken different routes since the two countries were split apart. This discrepancy can be attributed to a variety of

variables, including the dissimilar political systems, international relations, investment in human capital, and other aspects.

When compared to North Korea, South Korea's economy is noticeably larger and further along in its development. It has a robust industrial foundation, with major industries including technology, automotive, electronics, shipbuilding, and petrochemicals, among others. The service industry in South Korea is growing, and the country is well-known for its global brands.

On the other hand, in comparison, North Korea's economy is relatively underdeveloped and modest in size. Significant obstacles, including as restricted access to information and foreign markets, as well as economic sanctions imposed by the international community, beset the nation, which makes this a particularly difficult situation. The economy of North Korea is more centralizedly managed, and its primary economic sectors are mining, agriculture, and manufacturing. The country also has a significant agricultural sector. These discrepancies show the different approaches that North and South Korea have taken towards economic development over the course of their respective histories. While South Korea has seen amazing economic progress and has become more integrated into the global economy, North Korea's economy has been more restricted and has been subject to greater isolation.

In order to accomplish economic convergence, concerted efforts will be required not just from North and South Korea, but also from the international community as a whole. It will require political will, policy reforms, the creation of infrastructure, and ongoing dialogue.

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