

The Real North Korea

Life and Politics in the Failed

Stalinist Utopia

FULLY UPDATED AND REVISED

ANDREI LANKOV

OXFORD
UNIVERSITY PRESS

CHAPTER 2

Two Decades of Crisis

The system built by Kim Il Sung in North Korea was fatally flawed in that it was unsustainable economically. It could function only as long as Moscow and Beijing were willing to provide Pyongyang with systematic aid. As Moscow quickly ceased its support, Kim Il Sung's "Stalinism with national characteristics" consequently did not outlive the abrupt end of the Cold War.

Many observers initially expected that North Korea would share the fate of other Communist regimes and either collapse (like the Communist regimes in Eastern Europe) or initiate market-oriented reforms (like Vietnam and China). These expectations did not materialize: North Korea neither collapsed nor reformed itself. But a lack of government-initiated reform did not mean that North Korea remained unchanged. Post-1994 North Korea is very different from the country established and run by Kim Il Sung. It might be run by the same people (or their children and nephews) and the state's rhetoric might sound the same, but its society is fundamentally very different.

AND THEN THE WORLD CHANGED

In 1985 Mikhail Gorbachev became the general secretary of the Communist Party of the Soviet Union. He immediately embarked on a program of radical social, economic, and political reforms that ultimately triggered the collapse of the Soviet Union in 1991. Around that time, China's leaders learned how Communist sloganeering could be seamlessly combined with

a rather Dickensian—but very efficient—form of capitalism. In turn, by the late 1980s, relations between the USSR and the PRC, which had been characterized by rivalry and discord since the late 1950s, became cooperative. The rivalry between Russia and the United States also lost its sharpness. In the early 1990s both the ex-Soviet elite and public saw the United States not as an enemy to contain and undermine but rather as a shining example to be admired and emulated (such a rosy view did not survive for long in Moscow, but this is irrelevant to our story).

Considerations that conditioned Soviet (and Chinese) policy toward North Korea for decades suddenly disappeared. Moscow and Beijing policymakers saw no more need to maintain North Korea as a buffer zone against the United States or to buy its neutrality in the Sino-Soviet schism. Currently, the economic transformation of the former USSR meant that newly independent Russian enterprises, formerly state operations, were no longer willing to ship their wares to North Korea without economic reciprocation. Russian businesses would be (and still are) quite happy to sell spare parts for MiG fighters or crude oil, but they expected to be paid for their shipments in hard currency and North Korea had very little hard currency. Sponsoring Pyongyang therefore became both politically unnecessary and economically unjustifiable.

Within the first perestroika years, bilateral trade between North Korea and the Soviet Union decreased roughly tenfold: from \$2.56 billion in 1990 to a mere \$0.14 billion in 1994. Incidentally, it has remained at roughly this level ever since (\$0.1 billion in 2012)—further proof that without state subsidies and political pressure, Russian companies are not terribly interested in doing business with North Korea.¹ Since North Korea's trade with Communist countries was essentially aid in disguise, the dramatic drop in trade meant a comparable decline in the availability of free or subsidized products.

The start of the new era in the North is usually linked to Kim Il Sung's death in July 1994. However, the social transformation of the 1990s had almost nothing to do with this political change at the top. Some of the measures undertaken by Kim Il Sung in the last years of his long rule were strikingly similar to what would become the norm under his son.

Nonetheless, for the sake of convenience, we will describe this new era in North Korean history as the “era of Kim Jong Il.”

The sudden disruption of foreign aid led to the collapse of the state economy. Being deprived of free spare parts and subsidized oil, many industries gradually stopped functioning. Since all vital economic statistics in North Korea are a state secret, the exact scale of this economic collapse is disputable. Even so, it seems that by the year 2000, industrial output in the state economy was approximately half of what it was in 1990. The Bank of Korea, whose North Korean economy-related assessments are widely believed to be the most reliable, estimates that North Korea's GDP from 1991 through 1999 decreased by 37.6 percent.² By the early 2000s, nonmilitary industrial output was believed to be barely 50 percent of 1990 levels.³ Officially, most factories were not closed, and employees were still required to attend their place of work every day. Most workers had nothing to do except clean the rusting, idle equipment.

From the early 1990s, when official corruption started to grow exponentially, the most savvy and entrepreneurial among the managers of state enterprises began to make money by selling their non-operating equipment to China as scrap metal. In more extreme cases, old factories, often built during the Japanese occupation, became empty shells devoid of equipment.

In many regards, North Korean infrastructure has not changed much from the 1930s to the mid-1940s. With the exception of a few highways (off-limits to local traffic), paved roads are very rare outside major cities, and, as late as 2010, the railways continued to make occasional use of steam locomotives of 1930s vintage. However, in the mid-1990s, infrastructure suffered much more than it had up until then. Frequent electricity outages meant trains, which mainly relied on electric locomotives, could be days late—a remarkable state of affairs for a country the size of Pennsylvania.

But the worst blow was suffered by the agricultural sector. Like nearly all Soviet-style agricultural systems, that of North Korea was inherently and hopelessly inefficient. Modern farmers usually work well if they toil upon their own land and have some control over the harvest. This was not the case in North Korea, where the state owned the land and directly

managed it in ways that even Joseph Stalin himself would have seen as excessive.

Structural inefficiencies were exacerbated by a multitude of technical and political errors. To start with, North Korean agriculture had become heavily reliant on the use of chemical fertilizer. Initially this policy decision made some sense because North Korea inherited highly developed fertilizer production facilities from the Japanese colonial period. But while this was the case, production itself was dependent on the supply of Soviet aid and was highly energy-intensive.

Another mistake was the heavy reliance on artificial irrigation that was made possible by the existence of large pumping stations. In some cases water had to be first pumped up a few hundred meters above the level of its natural source and only then directed toward the rice paddy fields. This worked well as long as electricity was plentiful and cheap. The decline in electricity output, however, made this system unsustainable.

Last but not least, the ill-conceived idea of terraced fields contributed to the succession of natural climatic disasters that hit from 1995 through 1996. This idea was once loudly lauded as a great, personal invention of Kim Il Sung's genius. Terraced fields might be perfectly suitable for the farming conditions of southern China, but not North Korea—as North Korean agricultural managers learned in due time and to their peril. Terracing increased soil erosion and made areas under cultivation more vulnerable to torrential rains. Such rains hit North Korea in the summer of 1995 and then again in 1996.

Official propaganda has always blamed subsequent events on these rains, which are described as “a once in a century natural calamity.” The rainfall was indeed heavier than usual, but it is worth noting that the same rains produced almost no impact on the agriculture of South Korea, where the only notable result of the alleged “unprecedented natural calamity” was a marginal increase in the price of cabbage and onions. For the North, however, the floods of 1995–96 were the proverbial straw that broke the camel's back.

In order to feed its population, North Korea needs 5.0–5.5 million metric tons of grain (the exact figure is a subject of some debate between

experts). Until the early 1990s, North Korean farmers managed to produce that much. Then the situation began to deteriorate precipitously. Deprived of fuel, electricity, and fertilizer, and with workers who had little incentive to care about the future harvest, the system collapsed. The 1996 harvest was a mere 2.5–2.8 million metric tons—half of what was required to keep the population fed.⁴

For the average North Korean, this agricultural collapse meant a sudden termination of the PDS (public distribution system), which had been the major source of food for the North Koreans since 1957. From around 1993, rations were increasingly delayed and/or only partially delivered. The delays began in more remote areas of the countryside but soon spread to major cities. After the floods, PDS rations ceased almost completely. Even the privileged population of Pyongyang was issued only partial rations, and there were periods (for example, in 1998) when distribution completely stopped even in the “capital of the revolution.” Outside of Pyongyang (if that), only party cadres, police personnel, military officials, and workers at military factories continued to receive their rations, and even those privileged groups did not necessarily receive full allowances in the years between 1996 and 2000.

For the average North Korean, this was nothing short of a catastrophe. A twice-monthly trip to the grain distribution center was as vital as supermarkets are for American families. Famine ensued, and soon took on disastrous proportions.

The number of people who perished in the Great North Korean Famine of 1996–1999 will probably never be known with absolute certainty. Some NGOs put the number as high as three million whilst the North Korean government in confidential communications with certain foreign guests put the figure as low as 250,000. The first estimate is clearly a serious exaggeration, and the second is a face-saving underestimate.

At the time of writing, there have been three serious attempts to estimate the scale of this disaster impartially. In 2001 Daniel Goodkind and Loraine West concluded that excess deaths most likely numbered between 600,000 and one million in the period from 1995 to 2000.⁵ In 2010, analyzing officially published results of the most recent (2008) North Korean

population census, Pak Keong-Suk estimated that excessive deaths reached 880,000 in the 1993–2008 period, with the loss of about 490,000 being attributable to mortality increase, about 290,000 to fertility decline, and about 100,000 to outbound migration and its effect on fertility.⁶ In 2011 Goodkind and West (together with Peter Johnson) revised their earlier estimates of excess deaths downward to 490,000.⁷ Even if we accept the lowest estimate of 450,000–500,000, it still means that some 2.5 percent of the entire population perished in the disaster. This is roughly equal to the ratio of Chinese farmers who perished from starvation during the Great Leap Forward of the early 1960s. In other words, it was proportionately the largest humanitarian disaster East Asia had seen for decades. Nevertheless, the majority of North Koreans survived the famine. They did so by creating new ways to survive, both socially and economically. In essence, the North Korean people rediscovered capitalism, while the North Korean state had little choice but to relax its iron grip over the North Korean public.

THE SORRY FATE OF KATYA SINTSOVA

Have you ever heard of Katya Sintsova, the beautiful Russian girl whose naive admiration for capitalism and its debased “democracy” brought ruin to her and her entire family? She was a girl whose sorry and lamentable fate is so reminiscent of the tragic fate of her country, which deviated from the true path of Socialism.

Katya Sintsova is a fictional (and highly implausible) character who appears in a North Korean short story entitled “The Fifth Photo.” This short story was produced by a North Korean writer named Rim Hwawon and is quite representative of current North Korean writings about the collapse of Soviet and Eastern European Communism.

As Tatiana Gabrussenko remarked in her study of this peculiar kind of North Korean fiction, in the 1940s and 1950s the Russians were portrayed in North Korean literature as leaders and guides helping their Korean comrades. In the 2000s, however, it is the Koreans who are the shining example, the embodiment of Socialist virtue and looked upon as leaders. Russians nowadays are, conversely, presented as

weak and naive but still basically decent, noble human beings who flounder under the wise guidance of their North Korean friends.

For instance, in one of these stories the CIA plants a bomb on a US passenger airliner. The reason for this operation (and, as every North Korean knows, this is the type of operation the CIA does routinely) is to kill a Russian scientist who refused to cooperate with the US military-industrial complex. In the story, the Russian and his fellow passengers are lucky to have a North Korean on the same plane. The North Korean takes control of the situation and saves his fellow travelers from another vicious American plot.

Then we have Rim Hwawon’s “The Fifth Photo.” Katya Sintsova, its main character, is a beautiful Russian girl who comes from a family with impeccable Communist credentials. Her great-grandfather died a heroic death in 1919 during the Russian Civil War, her grandfather sacrificed his life fighting the Nazis, and her father was a selfless and hardworking party apparatchik of the Brezhnev era. Her brother became a top bureaucrat in the Moscow Party Youth Committee and was equally selfless and hardworking.

Katya was accepted to a top university because of her exceptional gifts in the arts. But at the university, she falls under the spell of “dangerous ideas.” She begins to interact with people whose ideological bent is “less than healthy,” including Westerners (the latter’s behavior is seen by Rim Hwawon as especially outrageous). She becomes irritated that the contents of party meetings are so boring and is overcome by materialism and a lust for change.

An American seduces and impregnates her, after which she has an abortion. Meanwhile, her father dies, his last words being “Long live the Communist Party!” Katya loves him and feels sorry about his death but still considers him an old fool. This is when she meets the story’s North Korean narrator, to whom she tries to sell photos from her precious family archive.

The narrator is an example of flawless revolutionary virtue, and his own daughter is free from all the frivolous, dangerous ideas that have ruined Katya’s life—the exemplary North Korean girl dreams only of serving the Party and Leader even more ardently. The narrator’s sons are brave officers of the Korean People’s Army, always ready to fight

(continued)

the US imperialists. They are even treated to the highest honor imaginable, being granted an audience with the Dear Leader Marshal Kim Jong Il.

Katya, meanwhile, travels overseas in search of her American lover. An awful discovery awaits her: he was not really an American, but the descendant of an anti-Communist Russian landlord family. Almost a century before their lands were nationalized, and the vicious landlord's family has spent all their time dreaming of revenge. Katya's seduction was actually a part of a plot aimed at taking the lands back from the farmers and giving it to greedy and cruel landlords.

Katya Sintsova's sufferings don't end with this awful discovery, however. While alone and helpless in the brutal West, she suffers a car accident and loses a leg. In order to survive, she becomes a prostitute serving pervers in the city of Munich.

The message of this story is simple and easy to understand: Katya is Russia herself. She was lured into a trap by Western propaganda and the scheming descendants of landlords. Fooled into selling her great heritage, she ends up a pitiful prostitute at the bottom of the merciless capitalist heap. The story is written to serve as a clear warning to North Koreans not to listen to seductive voices from abroad but rather remain vigilant against their enemy.

CAPITALISM REBORN

In post-famine North Korea, the state-owned economy has been largely replaced by a diverse array of private economic activity. Such activities are usually associated with what is often labeled the "black market" — somewhat misleadingly, as we shall see later. It was recently estimated that, as of 2008, the share of income from informal economic activities reached 78 percent of the total income of the average North Korean household.⁸

However, as stated before, North Korea's social transformation is rather different from near-contemporaneous developments in China and the former Soviet Union in that it was neither initiated nor endorsed by

the authorities. For political reasons to be discussed later, Kim Il Sung's socioeconomic system still remains the ideal for the North Korean elite. Nonetheless, this commitment does not go beyond words most of the time: the elite lack the resources and resolve that would make a revival of Kim Il Sung's "national Stalinism" possible.

When rations suddenly stopped coming, people began to either learn ways to cope with the new situation or die by starvation. For farmers the most natural reaction was to start growing their own food. This was not that easy because, unlike their Chinese counterparts, North Korean bureaucrats showed no inclination to disband the notoriously inefficient state farms. The state farms' fields were usually guarded, preventing farmers from using the best arable land for their production. A majority of farmers had to look for alternative places to farm for themselves.

North Korea is a mountainous country, and thus it is not too difficult to find steep slopes not used for regular agriculture. A quick look at satellite images demonstrates the presence of numerous small fields of irregular shapes and sizes located on many of North Korea's mountains. These are known as *sofoji* (literally, "small fields"). They are the private plots of North Korea's farmers and inhabitants of smaller towns. Generally, the farther away one lives from major administrative and political centers, the easier it is to develop such a field. In more remote parts of the country, *sofoji* now produce more than half of the harvest, but the nationwide average seems to be close to 20 percent.

While farmers developed illicit plots, the urban population reacted to the new situation by discovering private commerce. Most urban families began by bartering household items for food but soon switched to trade and household production. Beginning in 1995, huge markets began to grow in North Korea's cities and soon became the focal point of economic life in the country. Millions of North Koreans, women in particular, began to earn the family's income through trade and household handicraft production.

Women make up the majority of North Korea's market operators. Market vendors in North Korea are by no means the sort of street toughs one might encounter in the black markets of other countries. Instead, they

are largely housewives and mothers who produce whatever they can and sell to whomever in order to keep their families alive.

This is partly due to the peculiarities of North Korean society itself. For decades, the North Korean state required every able-bodied male to be employed by a state enterprise. Married women of working age, however, were allowed to stay at home as full-time housewives.

When Kim Il Sung's system began to fall apart in the early 1990s, men continued to go to work. People expected that eventually things would return to what they thought of as "normal"—that is, to the old Stalinist system. They knew from their experience that people who show disloyalty to the state—for instance, those who collaborated with the South Korean authorities during the Korean War—are assigned a stigmatizing *sôngbun* that is often permanent, as not only the offender but also their children and grandchildren face many official restrictions. Men believed that it would be wise to keep their "official" jobs for the sake of their families' future. On top of such status anxieties, men also faced massive pressure from the state's lower officialdom. An absentee worker ran the real chance of being sent to a prison for a few months of "labor re-education."

The situation for women was markedly different. They had spare time, and their involvement with private trade was seen as politically less dangerous—precisely because of the patriarchal nature of a society where only men really mattered.

As one would expect, soon thereafter, in the late 1990s, more successful businesswomen moved from retail to wholesale. In many cases, they were the members of once-discriminated-against groups who benefited most from the new situation. For example, until the 1990s, it was a major handicap for any social-climbing North Korean to have relatives overseas. In the 1990s the opposite suddenly became the case. Relatives overseas, especially in China, could often provide small amounts of capital (quite large by then North Korean standards), give sound business advice, and/or even create a formal or informal joint venture.

An acquaintance of the author is typical example. She was a young schoolteacher who, in the early 1990s, was asked by visiting Chinese relatives to buy them a large quantity of dried fish. She discovered that in

merely a few days she earned well over her official *annual* salary and decided to become a professional trader. Being a woman, she could leave her job without repercussions.

By the early 2000s, some wholesalers had large sums at their disposal; they sometimes invested in new types of enterprise—eateries, storage facilities, and semi-legal transportation companies. Indeed, the growth of the market that initially centered on small-scale retail activities soon became far more diverse and complex.

The restaurant sector is illustrative in this regard. Between 1996 and 1997 state-run restaurants collapsed everywhere except for a few major cities. Private capital, however, almost immediately revived the industry, and private entrepreneurs now run most North Korean restaurants. Officially, they are not supposed to exist, and such eateries are technically state-owned. On paper, the state owns them and relevant municipal government agencies manage them. However, this is a legal fiction. Private investors make informal deals with municipal officials by promising them kickbacks, and then hire workers and buy equipment. The assumption is that a certain amount of the earnings from the business will be transferred to the state budget. In return, private owners run businesses with little or no state interference, investing and/or pocketing the profits. A 2009 study came to the conclusion that some 58.5 percent of all restaurants in North Korea are *de facto* privately owned.⁹

Similar trends exist in the retail industry. While the fiction of state ownership is maintained, many shops are essentially private. Manager-cum-owners buy merchandise from wholesalers as well as (technically) state-owned suppliers, and then market and sell the goods, pocketing the profits. Of course some of the earnings are paid to the state, but most is kept by owners. The earlier-mentioned study estimated that in 2009 some 51.3 percent of shops were actually private retail operations.¹⁰

Transportation has undergone similar changes. A large number of trucks and buses that traverse the dangerous dirty roads of North Korea are privately owned. Private investors discovered that grossly inadequate transportation facilities were a major bottleneck that the emerging North Korean merchant class had to contend with. Investors began buying used

trucks and buses in China and bringing these vehicles into the North. Vehicles in the North are registered as the property of a government company or agency. The actual owner pays the manager of this agency an agreed price, usually on a monthly basis. Interestingly, the amount of money is contingent on the type of agency or company. The registration of one's truck with a military unit or a secret police department is most expensive, while some humble civilian agency (like, say, a tractor repair workshop) would charge the least. Owners sometimes prefer to pay more, however, because military registration plates might occasionally come in handy with the police.

Large transportation companies have now arisen: The author met an entrepreneur who owned seven trucks in North Korea. He used these trucks to move salt from salt farms on the coast to wholesale markets (incidentally, salt farms are increasingly private as well). This man also augmented his income by moving large sacks of cement that were stolen by workers from the few cement plants continuing to function in post-1994 North Korea. It was a nice income, but he expressed his surprise at the ingenuity of the workers who managed to somehow steal such a large amount of cement.

Indeed, one of the major problems for the state has been the growth of criminal and semi-criminal activities. Workers and managers steal from their factories virtually everything that can be sold on the private market. The large-scale looting of archaeological sites from the Koryo (10th–14th centuries AD) and Choson (14th–19th centuries AD) periods became a problem in spite of all efforts to stop it. Those caught smuggling antiques or selling equipment often faced severe penalties; there were even rumors about public executions of such miscreants. Nonetheless, the temptation was far too large.

Drug production started to boom around 2005. In earlier days, drugs were produced for clandestine export by government agencies, but private business also discovered the great money-making potential of addictive substances—and officials are not too eager to enforce the myriad bans and regulations (they usually get a slice of the profits, after all). Private production is usually concentrated on what is commonly called “ice,” that is,

methamphetamines. Drugs are marketed domestically and also exported to China, where authorities have had to step up border controls as a result. “Ice” has become surprisingly popular among younger North Koreans, so much so that in 2010, foreign visitors spotted antidrug posters in Pyongyang colleges. Incidentally, around the same time, the old state-sponsored drug production program was scaled down. Frankly, the entire project obviously did the regime more harm than good, damaging its international standing while bringing only a small return.¹¹

Not merely in criminal activities but overall, China features prominently in the unofficial North Korean economy (and in the official economy as well, as we will see later). Nearly all trade links either begin or end in China. Part of this trade is unofficial, while other transactions are legal. North Korean merchants mainly import consumer goods from China—garments, shoes, TV sets, and so on. Food also constitutes a significant part of North Korean imports from China.

Paradoxically, thanks to this, the years of crisis became a time when the average North Korean began to dress well—or, at least, better than in earlier times. In Kim Il Sung's days, most people were clad in badly tailored Mao suits or military uniforms; now, even in the countryside, people on the street are dressed colorfully, usually in cheap Chinese imports.

To balance the trade account, North Korean merchants export to China whatever can be sold there. Apart from minerals, which are still usually handled by the state, they sell seafood, traditional delicacies, and Chinese medical herbs, as well as quite exotic items—such as “frog oil,” a fatty substance extracted from live frogs of certain species that have to be harvested under special conditions.

China's ubiquity in the Northern economy has resulted in the “Yuanization” of the market: large-scale payments in post-famine North Korea are normally made in foreign currency. Dollars, yen, and Euros are not unknown, but it is the Chinese Yuan that reigns supreme. This situation has led to the emergence of money dealers who trade in foreign currencies and sometimes provide loans at the annual interest rate of 100 percent or more.

A particular form of entrepreneurial activity that is neither private nor state, the so-called foreign currency earning enterprise (FCEE), plays a

special role in the new economy. Such enterprises have existed since Kim Il Sung's day, but have greatly increased in number, size, and reach from the late 1990s.

Unlike the Soviet Union, in North Korea, foreign trade was never under the exclusive control of a single state agency. In accordance with the "spirit of self-reliance," large North Korean companies and influential state agencies were allowed to sell anything they could on international markets. They would then use the earned foreign currency to import what could not be produced domestically. This practice was greatly expanded in the late 1990s when provinces, ministries, and even the military and police began to set up their own FCEEs. These enterprises did not usually limit themselves to what could be produced in-house, but looked for anything that could be sold for a profit.

Technically, the FCEEs are owned by the state, but they hire adventurous and entrepreneurial people whose job is to use the company's official clout and connections to earn as much money as possible. It is implicitly understood that these people pocket a large share of their earnings, but as long as they know their limit and provide their supervisors with sufficient kickbacks, profiteering is tolerated.

THE STATE WITHERS AWAY

The collapse of the state-run economy had far-reaching political and social consequences. In order to function properly, Kim Il Sung's system required a small army of enforcers and indoctrinators. A considerable workforce was necessary to ensure that every North Korean slept in a home where he or she was registered, did not travel to another city without a proper permit, and did not skip a self-criticism session. In the early 1990s the government discovered that it did not have the resources to reward the zeal of these overseers and indoctrinators. Of course, the regime did what it could to keep police officers and party officials on the payroll and issued them rations even in the middle of famines. Nonetheless, there were too many such people to be taken care of. Thus, in the mid-1990s, police

sergeants, clerks in local government offices, and low-level indoctrinators faced the real threat of starvation. Like the average factory worker or schoolteacher, these small cogs in the bureaucratic machine depended on PDS rations for survival. When the PDS contracted dramatically, they were not considered important enough to remain on a new, much shorter, list of distribution targets.

A number of the author's North Korean interlocutors state that in the famine years between 1996 and 1999, the ones who statistically had the highest probability of dying were honest officials and clerks—those who did not take bribes, did not abuse their official position, and took the regime's promises seriously. However, most petty bureaucrats made a rational choice and adjusted their behavior to the brave new world, beginning to ignore illegal activities. In many cases, they had to be bribed to adopt such an attitude, but in other instances, they did so out of sympathy for the common people.

One of the best examples is the near complete loss of control over domestic travel. Theoretically, up to the time of writing, North Koreans are expected to apply for a travel permit if they plan to take an overnight trip outside the borders of their county or city. Starting from around 1996 to 1997, however, these controls became easy to circumvent. Nowadays, police officials can be bribed and permits obtained for a relatively small fee, the equivalent of \$2 or \$3. Alternatively, one can choose a cheaper but more troublesome option, and depart without any travel permit. For that, one must be ready to bribe police officers at checkpoints and in trains. Only the city of Pyongyang has not been touched by this relaxation, remaining off-limits to people from the countryside who do not have the proper papers—and such papers are still difficult to get.

Sometimes, North Koreans could and can get away with what used to be seen as political crimes. For example, possession of a tunable radio set has been a political crime for decades. This still technically remains the case, but nowadays a bribe of roughly \$100 can buy a way out of punishment for someone unlucky enough to have been caught while listening to such a radio (police would probably even give the offending radio set back to the culprit). Of course, \$100 is by no means a trivial amount of money

for the average North Korean, since the average monthly salary between 1995 and 2010 fluctuated around the \$2 to \$3 mark. The actual monthly income of a household is much higher, at somewhere between \$25 and \$40 a month, since a majority of the North Korean families make most of their income in the unofficial economy.

Another result of the new situation was the near collapse of control over the Sino-North Korean border. Smugglers took advantage of the situation, paying bribes to ensure that border guards always looked the other way when necessary. For a large-scale smuggler, a bribe might be as high as a few hundred dollars, but for this amount he or she would be able to move sacks of valuable merchandise across the border (even being helped by the border guards themselves). Apart from smuggling, the government has relaxed its attitude toward official cross-border trips, which are usually justified by the need to visit relatives in China but often are of a commercial nature. From 2003, for the first time in North Korean history, authorities began to issue passports to North Koreans intending on traveling overseas as private citizens—provided they have the right connections, good family backgrounds, and the resources to pay the necessary bribe.

The very people who are supposed to enforce them ignore with impunity some regulations (often truly absurd). Theoretically, North Korean women in cities are not allowed to wear slacks because such attire is considered unbecoming a woman and “goes against the good habits and beautiful traditions of Korea.” Women are also theoretically forbidden from riding bicycles in urban areas. There are even bans of some “subversive” types of haircuts. Police have occasionally enforced these nonsensical bans in the past but from around the mid-1990s, became increasingly uninterested. From time to time, ideological authorities will remind people of the moral harm that might be caused by a woman clad shamelessly in slacks, prompting police to levy fines on violators of the ban for a few weeks. These kinds of campaigns never last long, however, and seldom bear fruit.

Most of the earlier-mentioned changes are spontaneous in nature, being driven primarily by greed and need as well as by a loss of ideological fervor on the part of those who previously upheld the status quo. In some cases, however, the relaxation has been initiated by the authorities. For

example, around 1996, illegal border crossing into China, hitherto a serious crime, was reclassified as a relatively minor offense. Around the same time, the Kim Il Sung-era family responsibility principle was relaxed. In the past, if a North Korean was arrested for political crimes, his or her entire family would be shipped to a prison camp. Now, such measures are used selectively, normally only in cases of crimes considered especially dangerous.

The general relaxation is quite palpable for anyone who has been dealing with North Korea for decades. Nowadays, North Koreans are less afraid of foreigners and more willing to discuss potentially dangerous matters. This does not usually mean that they will deviate from the official line too openly, but the limits of what is permissible have clearly widened in the last fifteen to twenty years. North Korean refugees also admit that in Kim Jong Il's North Korea, it is often possible to do or say with impunity something that would result in imprisonment or even execution in Kim Il Sung's era.

Take the story of Yi Yŏng-guk, the former bodyguard of the Dear Leader himself. Disillusioned with the North Korean system, he fled to China and attempted to defect to South Korea. He was kidnapped by North Korean agents in China and sent back home. In the not-so-distant times of Kim Il Sung, the fate of such a high-profile defector would have been sadly predictable: torture and death awaited any individual who betrayed the *personal* trust of the Great Leader. However, in the liberal 1990s, Yi was treated with surprising leniency: he was sent to a prison camp and then released (yes, released!) following the intercession of Kim Jong Il himself. He used the opportunity to repeat his escape attempt and reached Seoul.¹²

TAKING THE EXIT OPTION: NOT AN EXODUS YET, BUT . . .

From the mid-1990s, North Koreans began to move to China in large numbers. Such illicit emigration was not that physically difficult because most of the length of both the Yalu and the Tumen is shallow, narrow, and frozen in winter.

This being the case, between 1998 and 1999, when the famine was at its worst, it was estimated that anywhere from 150,000 to 195,000 North Koreans were hiding in China.¹³ After 2005 the numbers shrank dramatically, but it is estimated that at any given moment, there are still about 10,000 to 15,000 North Korean refugees hiding in China.¹⁴ Most of these people take refuge in villages and towns along the border, where ethnic Koreans constitute a majority of the population. Refugees do all kinds of odd jobs shunned by the locals: they wait tables at cheap eateries and labor at construction sites in the timber industry. Since women constitute a majority of refugees, many of them cohabit with Chinese men—sometimes being abducted but more frequently through personal choice.

Some of these unions end in disaster, while others work just fine. Indeed, such arrangements can be mutually beneficial: a Chinese-Korean man of advanced age and moderate income gets a wife, while a North Korean woman gets a sense of security and a standard of living unthinkable back home. The local Chinese authorities usually ignore such unions, especially if the couple has children. Nonetheless, a North Korean common-law wife (such unions cannot be registered officially) is still not free from the worst fear of any North Korean refugee in China: arrest and deportation.

THE NEW RICH

North Korea is a poor place, no doubt. Nonetheless, 2014 Pyongyang has a booming restaurant scene, and the traffic on its broad streets—once notoriously empty—is steadily increasing in volume. Well-fed North Koreans frequent newly opened sushi bars and beer houses as well as a local hamburger joint. On the streets of the North Korean capital, one can still see some visibly undernourished people but also a number of women clad in designer clothes.

Such is the case not only in Pyongyang but also in a number of other major North Korean cities. The growth of “grassroots capitalism” predictably has brought with it a remarkable level of income inequality.

But who are they—the North Korean new rich? How did they make their money—and how do they spend it? Mr. Kim, who is in his early forties, is a private owner of a gold mine. The gold mine is officially

registered as a state enterprise. Technically, it is owned by a foreign trade company which in turn is managed by the financial department of the Party Central Committee. However, this is a legal fiction, pure and simple. Mr. Kim, once a mid-level police official, acquired some initial capital through bribes and smuggling, while his cousin had made a minor fortune selling counterfeit Western tobacco.

They then used their money to grease the palms of bureaucrats and took over an old gold mine that had ceased operation in the 1980s. They hired workers, bought equipment, and restarted operations. The gold dust was sold (strictly speaking illegally) to Chinese traders. The cousins negotiated with the bureaucrats from the foreign trade company on how much “commission” they should pay them—roughly between 30 and 40 percent. They now use the rest to run the business and enjoy life.

One step below this, we can see even humbler people like Ms. Young, once an engineer at a state factory. In the mid-1990s, she began trading in Chinese second-hand dresses. By 2005 she was running a number of workshops that employed a few dozen women who made copies of Chinese garments using Chinese cloth, zippers, and buttons. Some of the materials were smuggled across the border, while other materials were purchased quite legally, largely from a vast wholesale market in the city of Rason (a special economic zone that can be visited by Chinese merchants almost freely). Ms. Young, technically remained an employee of a moribund state factory, from which she was absent for months on end. She had to pay for the privilege of missing work and indoctrination sessions through a monthly \$40 deduction classified as a “donation.” This is an impressive sum when compared with her official salary of merely \$2.

The North Korean new rich must feel insecure. They are afraid of the state, because pretty much everything they do is in breach of some article of the North Korean criminal code. Indeed, technically any of the earlier-described persons could face an execution squad should the authorities wish to do so. They provide officials with generous kickbacks, and in recent years, massive crackdowns have been infrequent. Yet the fear lingers nonetheless.

It is, however, difficult to say that they try to keep a low profile. On the contrary, nowadays one can see a lot of conspicuous consumption in North Korea. It is no surprise that the new rich enjoy consumption.

(continued)

Some forms of consumption activities are impossible—for example, overseas trips are out of the question, and domestic tourism seems to be unfashionable; North Koreans, rich or poor, usually travel out of necessity, not for pleasure.

However, many outlets cater to the needs of the “masters of money” (*toriju*), as North Korean entrepreneurs are known. The new rich frequent restaurants where a good meal would cost roughly as much as the average North Korean family makes in a couple of weeks. They buy and renovate houses—technically the sale of real estate is illegal in North Korea, but in the last two decades North Koreans have developed many techniques that allow them to circumvent such restrictions. The new rich buy all kinds of household appliances: flat screen TVs, computers, large fridges and motorbikes. Even private cars—the ultimate status symbol; the North Korean equivalent of a private jet—have begun to appear, and since around 2009, one can see traffic jams on the streets of Pyongyang, once famously empty.

In good old Confucian spirit, the new rich invest in the education of their children. A good teacher of a popular subject—like, say, English or Chinese—might earn a decent income nowadays. Less practical subjects are also in demand, although piano and dance lessons are deemed suitable for girls only.

Until the mid-1990s, every North Korean who had crossed over into China and had been unfortunate enough to be extradited back would face a few years of imprisonment at best and, upon release, lifelong discrimination. This is no longer the case because border crossing itself is now regarded as only a minor offense. When North Koreans are extradited or deported from China, they are usually investigated for a week or two (this investigation normally involves some beating). Investigators want to make certain that the offender has had no contact with South Koreans and non-Chinese foreigners in China, and that they have had no involvement with any Christian missionary group. If no such suspicious connections are discovered, the extradited refugee spends a few months in a milder type of labor camp and is then released. Upon release, many of them flee again. After all, they often have families and jobs back in China.

Some refugees decide to go all the way—to South Korea, though this is not as simple as it sounds. Long gone are the times when every North Korean who decided to defect and was lucky enough to get overseas could just walk into the nearest South Korean consulate or embassy and inform the cheerful staff that he had just “chosen freedom,” as the Cold War cliché went. Nowadays, while a two-star general of the North Korean air force or a district party secretary can still count on an enthusiastic welcome, the same does not hold for a middle-aged housewife from a rural area—and such a housewife is the typical refugee seeking passage to South Korea over the past decade. As a rule (there are exceptions), South Korean missions in China prefer not to deal with the average refugee. This is explained not only by the fear of diplomatic complications with China but also by the reluctance of the South Korean government to increase the number of refugees in the South. At the same time, the fiction of “one Korea,” still maintained by both Seoul and Pyongyang, means that every single North Korean is legally, and thus automatically, eligible for South Korean citizenship and consular protection. In reality, however, for a majority of the refugees, the only way to reach South Korea is to get to a third country (usually Thailand or Mongolia) where South Korean diplomatic missions, sometimes reluctantly, process refugees and issue them with travel documents and air tickets to Seoul.

For refugees, this means first traversing all of China, then illegally crossing the Chinese border into Mongolia or Laos. Such a trip is almost impossible for the average refugee, who speaks poor if any Chinese and has little money and no local knowledge. The only way, therefore, is to make a deal with a professional escape specialist known as a “broker.” Such a broker assembles a group of five to fifteen aspiring refugees, arranges transportation and safe accommodation, and then escorts them to China’s southern border (if the final destination is Bangkok) or to Mongolia. There, the broker orchestrates a border crossing and accompanies the refugees on their perilous trip across the Gobi Desert or the jungles of Laos.

Brokers usually do not work for the actualization of some lofty ideal. Some of them might have ideological convictions, but in the main, defection has long become a commercial operation, pure and simple. For a “no-thrills defection,” one must pay between \$2,000 and \$3,000, while a VIP

version of the service costs between \$10,000 and \$15,000. The expensive option usually involves a fake South Korean or Chinese passport, North Korean border guards escorting the defector across the border, and a comfortable air trip from a major Chinese airport straight to South Korea.¹⁵ The cost of even the cheapest defection is exorbitant for the average North Korean refugee in China, whose wages are between \$50 and \$100 a month. Usually the sum is provided by relatives in South Korea or elsewhere overseas, most frequently by a family member who has managed to defect to the South first and probably now waits tables in Seoul restaurants (as we will see, most defectors are not exactly successful in South Korea).

As of early 2014, there were some 26,000 North Korean refugees living in South Korea. This does not sound like a large figure, especially if we consider that between 1961 and 1989—during the years of the Berlin Wall—an average of 23,000 East Germans crossed into West Germany *every single year*. However, it sounds far more impressive if we remember that as recently as 2000 there were merely 1,100 refugees residing in the South. This is by no means an exodus, but, for the first time since the end of the Korean War, there has emerged a significant group of North Koreans who managed to slip from the embrace of “the loving care of the fatherly leader.”

These people are very different from the Communist bloc refugees who arrived in the West during the Cold War. The refugees from the Eastern bloc tended to be well educated and usually motivated by political convictions to at least some degree. Conversely, most North Korean refugees are women from impoverished areas along the border looking for both income somewhere above subsistence and security rather than the realization of lofty political ideals. Elite refugees exist but are well below 10 percent of the total. To generalize a bit, a typical refugee of the Soviet Union in the 1970s might be described as a young, brilliant, Jewish chess player. In contrast, the average refugee from North Korea is a rural housewife in her fifties.

It is important to remember, however, that refugees remain in touch with their families back home. It helps that most refugees come from the border areas whose population can cross the border more easily. People frequently call their families using Chinese cell phones, which work

perfectly well on the North Korean side of the border. From around 2003, a number of relay stations were built just on the border, and this greatly increased mobile phone coverage (signals can be received miles away). This being the case, Chinese cell phones have become common among more affluent North Koreans in the borderlands (many of these people derive the bulk of their income through legal and not-so-legal trade with China). Monetary remittances from South to North Korea constitute a blatant violation of both South Korean and North Korean laws, but nonetheless seem to be frequent: a majority of refugees in the South use brokers to send money back to their impoverished native villages and towns. Brokers charge 25 to 30 percent per transaction, but the system is remarkably reliable and fast. The total annual amount of such transfers has been recently estimated at some \$10 million—by no means an insignificant sum for the tiny North Korean economy.¹⁶

ARRIVAL IN PARADISE, AKA CAPITALIST HELL

The fate of refugees in South Korea does not bode too well for the post-unification population of North Korea (assuming that unification will happen one day). Most of them find themselves relegated to the low-income bracket and are often the object of discrimination by their newly found brethren.

North Korean refugees are eligible for aid that is quite generous by the standards of South Korea, a country where the social welfare system remains underdeveloped compared to Europe and the United States. For the first few years, refugees are paid a small stipend—not enough to live on but still helpful. They are also provided with subsidized rental housing and scholarships for vocational training. Those who are young enough can apply for university admission. They do not compete with South Korean high school pupils. Rather, they sit for their own, easier, exams.

The statistics, however, are discouraging. In December 2010, research confirmed that the average income of a North Korean refugee in the South is merely 1.27 million won (\$1,170), that is, roughly 50 percent of the average

South Korean salary. Unemployment is high—depending on which of the few studies you believe and how you define “unemployment,” it afflicts an estimated 10 to 40 percent of the new citizens. Even the most optimistic estimates are depressing at best if one takes into account that South Korea has one of the lowest unemployment rates among countries in the developed world. Only 439 defectors (merely 4 percent of all employed defectors) were working in skilled jobs, while 77 percent were employed in unskilled jobs.¹⁷

Furthermore, North Koreans discover that mainstream South Korean society looks upon them with a measure of suspicion. A sad story was recently told to the author by a North Korean acquaintance. In 2011 a South Korean television company wanted to make a TV show about North-South couples (i.e., North Korean refugee women married to South Korean men). Participants were promised significant monetary rewards, and thus many female refugees initially agreed to the proposal. Soon, however, most of the candidates called the program's producers to say that they would not participate in the program regardless of how much money was offered, as their husbands decisively opposed the idea. The reason was that they did not want their neighbors, co-workers, and social contacts to know they had married a North Korean woman. The North Korean female interlocutor said: “You know, here in the South it is sort of assumed that only down-and-out males who can't get a proper South Korean woman marry either mail-order brides from Southeast Asia or North Korean refugees.”

Surprisingly, even refugees with elite educations can face big challenges in the South. Unless their job directly relates to dealing with the North (and the supply of such jobs is limited), they have great trouble finding any prestigious employment. This is partially a result of suspicions that most employers have about their skills and partially because of their inability to use the extended personal networks that are so central to success in South Korean society. These networks usually unite people from the same region, members of the same clan, or graduates of the same university. North Korean refugees usually do not belong to any of these groups.

Finally yet importantly, the graduation rate for refugee university students is low: a majority of those who enter university drop out. Even

though the dropout rate in South Korean universities tends to be very low, North Korean students often discover that they lack what is considered basic knowledge and social skills—advantages their South Korean peers possess. Added to that, many of them have to work to make a living, unlike their South Korean classmates, who usually work merely for pocket money. To make up for the gaps in their background knowledge, they have to study harder than their South Korean peers do, but economic pressure makes this difficult.

A NORMAL DAY IN 2011 . . .

It is not that difficult to identify the most representative North Korean newspaper. Everyone knows it to be *Rodong Shinmun*, the ruling Korean Workers' Party mouthpiece. This is not a humble newspaper, but the voice of the Party and State itself.

Let's have a look at an issue published on July 11, 2011. The choice is completely random, and other issues do not look that different.

The entire front page was taken up by one large, unsigned article that informed the reader of the greatest event of late. The Dear Leader, Marshal Kim Jong Il, inspected the largest department store in the city of Pyongyang and provided its personnel with a wealth of managerial guidance on the best way to run this retail outlet. The article was accompanied by two pictures: one depicted the Marshal taking an escalator with some of his entourage, and another shows the Leader standing with the top management of the department store.

The upper part of the second page was occupied by a report of another great event: Marshal Kim had inspected the Pyongyang Zoo and taught its personnel a thing or two about animal rearing and zoo management.

The second page also included official telegrams sent to and received from China on a diplomatic event—the fiftieth anniversary of the treaty of friendship and alliance between China and North Korea. The page also had a small report about an event to commemorate the 117th anniversary of the birth of a humble rural school teacher, Christian missionary and nationalist named Kim Hyong-jik. He happened to also be the grandfather of Marshal Kim Jong Il and the father of Kim Il-Sung.

(continued)

The third page contained a half-dozen reports about labor enthusiasm and production achievements. Somewhat uncharacteristically, these reports almost exclusively focus on light industry—obviously resulting from the recent emphasis on the production of consumption goods.

An article in the bottom right corner is a bit of an eye-opener—it relates how housewives of a particular county created a model reconstruction brigade to work on irrigation projects in the area. A small picture depicts the construction site: women are neatly dressed but there is not a machine to be seen, so they use only shovels and their bare hands to line the walls of the irrigation canals with block-like rocks.

The fourth page was filled with reports of foreign visitors who had come to North Korea to express their admiration for the country's great achievements. Most delegations were Chinese, but it is reported that a group of Russian police officials also came to join the chorus and expressed their admiration for "the great successes of North Korea, achieved under the wise leadership of Comrade Kim Jong Il."

The fifth page dealt with South Korea and foreign policy. The largest article was titled "The Hatred of 'Traacherous Regime'" and told North Koreans how much their South Korean compatriots hated the current South Korean administration of President Lee. There were reports of strikes, police abuse, and an unfolding scandal in the South involving U.S. military use of defoliants at a military base.

A small photo depicted a student rally in Seoul, whose participants were demanding a 50-percent cut in tuition fees. The accompanying article did not even hint at the fact that such a cut was actually suggested by "the treacherous regime of Lee Myung Bak." Instead, it deliberately created the impression that South Korean students began this revolutionary fight spontaneously because they could not bear the prohibitively high burden of tuition fees.

The final page again dealt with foreign policy. It began with a large and boring (even by *Rodong Shinmun's* notorious standards) article about the eternal friendship between China and North Korea. It also included reports from other parts of the world that talked about how much the people of the world admired Generalissimo Kim Il Sung, the founder of the North Korean dynasty. According to the newspaper, commemorative events to honor the memory of the late Generalissimo Kim were held in Romania, Nigeria, Congo, and Thailand.

The sixth page also contained an article commemorating UN World Population Day. The article concentrated on gender inequality in the capitalist world and contained some statistics about the sorry fate of Western European women (clearly the world's greatest victims of gender discrimination).

Another article on the sixth page dealt with the complex situation of the world food market. Obviously, it was published in order to tell readers that North Korea was not unique in having grave food shortages. Nonetheless, this article stood out because it was almost free from demagoguery and indeed contained an interesting analysis of current international trends (perhaps the only piece in the entire newspaper that deserves to be called an article).

Such is the daily fare of news and views provided to North Koreans by their media—day by day, for decades, without much change.

Despite these issues, it would be wrong to assume that North Koreans feel regret about their move to the South. There have indeed been a few cases of refugees fleeing the South in order to head back North. However, for every such case, there are hundreds of instances where individuals and entire families work hard to pay a broker in order to bring their relations to the South.

Nonetheless, the problems are real and are likely to increase in magnitude in case of unification. After all, refugees are a group of people who have consciously chosen a different life. It follows that they will face fewer problems adjusting to massive change than a group of people who will have a different life forced upon them. Therefore, when and if unification comes, these problems are merely a sample of the social and economic issues that will face the South Korean state and the North Korean people.

CHANGING WORLDVIEWS

Approximately a half-million North Koreans have "visited" China over the last fifteen-odd years, and most of them have eventually returned

home, voluntarily or otherwise. They have to be cautious, but nonetheless manage to tell stories about China's prosperity—stories that are indeed shocking to any North Korean.

Once, while in Northeast China, the author had a conversation with a member of an NGO who occasionally brings junior North Korean officials to a sleepy, dirty Chinese town in Manchuria. I asked him about the typical reaction of these North Koreans, to which he responded, "They cannot sleep for the first couple of nights, and they are so shocked and overwhelmed by the prosperity of the place, by the bright lights and nightlife of the town." (To the present author, this particular Chinese town during the night looked more like an abandoned steel mill.)

Chinese prosperity might be overwhelming at first, but soon North Korean refugees discover that the Chinese—whom they regard as filthy rich—actually consider their own country poor in comparison to South Korea. Indeed, it is not difficult to learn a lot about South Korea when in Northeast China. South Korean satellite TV is widely watched by ethnic Korean families, and South Korean soap operas with Chinese subtitles are a staple of local TV networks. At any given moment, roughly one out of seven ethnic Koreans of the Yanbian area resides in South Korea, usually being employed there in some unskilled, badly paid job—the family of the author's research assistant's girlfriend employs a Korean from China to look after an ailing grandmother. It does not take long for a North Korean refugee to learn that more or less everything that he or she read in the official media about the South is a blatant and grotesque lie.

This discovery does not necessarily make him or her dream about going to Seoul—after all, such a step requires considerable resources, is inherently risky, and might simply not be to everyone's liking. Nonetheless, stories of the fairy-tale land south of the DMZ are shared with trusted friends and family members back home.

From around 2000, VCRs and, soon afterward, DVD players began to spread in North Korea in large numbers. These machines are both cheap and legal. It was assumed that North Koreans would use them to watch officially approved and ideologically wholesome fare, like, say, biopics of the Dear Leader and his extended family. However, North Koreans usually prefer to

watch something different and rather more ideologically suspicious: smuggled foreign movies and TV dramas, often those produced in South Korea.

As always in the case of North Korea, statistics are highly unreliable. According to Chinese customs, 350,000 DVD players were exported to North Korea in 2006 alone—a large number for a country with a population of some twenty-four million.¹⁸ It seems that in border areas and major cities, one out of every three or four families currently has a DVD player. A study by the InterMedia research group concluded that in 2009 the penetration rate was 21 percent and 5 percent for VCRs and DVD players, respectively.¹⁹ From the author's own research, it seems that in the borderland areas of the country, some 70 to 80 percent of all households possessed DVD players by early 2012. We can be sure that more or less all of these families have watched South Korean programs. This content (unlike the DVD players themselves) is illegal, but small entrepreneurs in China make good money by recording them and then smuggling the copies across the border.

Even computers are becoming increasingly common among the more affluent segment of the population. Estimates vary, but one can surmise that the number of privately owned computers, or computers that can be accessed with relative ease, now definitely exceeds 100,000 and is likely to have reached a few hundred thousand. A Western diplomat recently related to the present author that USB memory sticks have become a popular fashion accessory among the privileged Pyongyang youth. The message is unmistakable: by sporting a USB, an individual demonstrates that he/she has access to a computer, one of the important status symbols in present-day Pyongyang. Nowadays, possession of a computer in North Korea is somewhat akin to ownership of a sports car in more affluent societies.²⁰ North Korean computers are not connected to the Internet, and only some of them have a dial-up connection with the national intranet, known as the Kwangmyŏng network. However, even without an Internet connection, a computer remains a powerful information dissemination device—largely thanks to USB and CD-R drives. The authorities are aware of these threats, and therefore all computers are registered and their hard drives subject to random checks (recently, the security bureaucracy created a special division—the so-called Bureau 27—to monitor and control

privately owned computers). Frankly, however, one should be skeptical about the effectiveness of such checks: a teenage computer enthusiast will always outsmart an aging police officer, especially if the latter does not see a good reason to be excessively vigilant.

As to South Korean movies and TV dramas, North Koreans do not necessarily always believe everything they see. Their own movies have always presented a grossly embellished picture of life in North Korea, and they expect this to be the case everywhere in the world. For example, as the author's own talks with North Korean refugees confirm, few of them believed that the average South Korean family had a car when they saw their first South Korean TV dramas (in actual fact, more or less every South Korean family does own a car—as of 2010, the country with a population of 50 million had 13.6 million passenger cars). The interior of a normal South Korean apartment, frequently shown in movies, did not look plausible to them, either—they believed it to be a set, and that such a lifestyle (with that unbelievably large fridge in the kitchen!) would be available only to a select few. Nonetheless, they also know some things are difficult or impossible to fake—like, say, the Seoul cityscape with all its high-rise buildings and giant bridges—and they use these trustworthy images as visual clues, surmising that South Korea must be very rich indeed.

North Korean people are now increasingly aware of South Korea's prosperity. As one refugee, a woman in her late fifties, remarked to the present author, "Well, perhaps children in primary school still believe that South Koreans are poor. But everybody else knows that the South is rich." There are, however, two important caveats. First, it is not quite clear how far this new consciousness has spread beyond the borderlands and a few major cities. Second, while the average North Korean has begun to suspect that the South is ahead of the North economically, he or she seldom understands just how huge this gap really has become. After all, for the North Korean farmer or skilled worker, being wealthy means feasting on rice gruel every day (poorer people eat corn).

Since around 2000, even North Korean propaganda has begun to take into account this slow change of mind—after all, Pyongyang's agitprop shock brigades are not as inflexible as they appear to many foreign observers

(those who are seriously interested in the changes in North Korea's propaganda should read the informative works of Brian Myers and Tatiana Gabrussenko).

In post-2000 propaganda, the alleged poverty of South Korea has ceased to be a topic worthy of mention. It is even grudgingly admitted that South Korea might be relatively affluent (of course, this affluence is described as part of a bubble economy, being propped up by the scheming US imperialists for their selfish interests, and hence inherently unstable). However, with all its wealth, South Korea is presented as a very unhappy place. The reason for this unhappiness is that South Koreans' national identity, their precious "Koreanness," has been spoiled and compromised by the domination of American imperialists who propagate their degrading and corrosive "culture." In the post-2000 propaganda narrative, South Koreans suffer not from hunger but rather from national humiliation as well as cultural and environmental degradation. South Koreans allegedly dream of liberation and envy happy Northerners. The latter may be experiencing some temporary economic difficulties but nonetheless have managed to keep their pure national essence intact and have not sold out to the big-nosed servants of Mammon (the North Korean stereotype of Americans is remarkably similar to anti-Semitic stereotypes).

Another recurrent topic of this new propaganda is the inequalities and assorted social ills that permeate South Korean society. As a matter of fact, by international standards, South Korea is a society of remarkable income equality (the "Scandinavia of East Asia," as sociologist Aidan Foster-Carter once remarked), but the South Korean left strongly believes otherwise. North Korean newspapers therefore happily reprint articles from the South Korean leftist media painting a grim picture of a country where the pampered few suck the blood of a destitute majority. Alleged environmental pollution has become another large topic. Interestingly, in the past, North Korea loved to present itself as a country of enormous steel mills and smoky factories, but now, after the industrial collapse of the 1990s, the propagandists have acquired a love of waxing rhapsodically about the alleged pristine environment of their country—and contrast it with the industrial pollution and environmental degradation of the South.

To what extent does this propaganda work? This, of course, remains to be seen. Most likely, a significant number of North Koreans buy this new propaganda line about “relatively-affluent-but-unhappy-and-debased” South Korea. However, the “yellow winds of capitalism” and an understanding of South Korean prosperity are spreading as well.

This growing awareness of the outside world is merely one of many changes that have occurred in the era of “capitalism from below.” North Korean popular attitudes toward domestic issues are changing as well. People below the age of thirty simply have no experience of the comprehensive rationing under the old regime and are therefore not inclined to see the state as the natural provider of all life’s necessities. Many above the age of thirty have learned that they can do without the state, and some of them have come to enjoy this new situation.

Once again, these trends should not be exaggerated. From regular interaction with North Koreans, the author has come to suspect that the average North Korean would prefer to return to the regimentation that characterized life under Kim Il Sung rather than confront the uncertainties of the subsequent era. After all, in Kim Il Sung’s era, everybody who was not unlucky enough to wind up in a prison camp was certain that his or her subsistence-level rations would be forthcoming regularly. Sometimes people were malnourished, but they never starved. Around the time of Kim Il Sung’s death in 1994, this old stability disappeared. It is likely that the less successful majority would prefer to go back to the comfort of regularly delivered rations, even if this means more boring indoctrination sessions and the greater risk of being sent to prison for a politically incorrect joke.

At any rate, North Koreans do not have much choice. They have had to adjust, thereby modifying their career aspirations as well. For example, in spite of a significant increase in the intensity of militaristic propaganda after 1994, many North Koreans try to skip obligatory military service. In the past, the seven to ten years spent in the military was seen as an investment because soldiers could easily join the Korean Workers’ Party, thus acquiring the most essential prerequisite for social advancement. However, party membership is not as highly prized as it used to be: after all, for

an upwardly mobile and adventurous individual, the marketplace provides a faster way to earthly success.

People have begun to ignore the institutions of state that were once created to keep them under constant surveillance. The notorious weekly mutual-criticism sessions as well as indoctrination meetings of various kinds continue, but they have become less frequent and have lost much of their earlier intensity. One can even skip boring official functions in order not to miss a profitable day at the market, even though this might require a bit of bribery.

Although completely unthinkable in Kim Il Sung’s North Korea, even riots have begun to happen occasionally. In March 2005, for example, Pyongyang experienced what was probably the first riot in the city for sixty years. The riot itself began at Kim Il Sung Stadium during a World Cup qualifying match between North Korea and Iran. In the middle of the game, an argument erupted between a North Korean player and the Syrian referee. The North Korean player shoved the referee, was sent off, and violence erupted. Fans began to throw bottles, stones, chairs, and anything else close at hand toward the Iranian players and match officials. It took a few minutes before order was restored, while the stadium loudspeakers demanded that fans stay calm. The North Korean team eventually lost 2–0 and the violence promptly resumed, continuing for almost two hours after the match. There were clashes between police and fans, and for a while, Iranian players could not leave the stadium because of the unruly and outraged crowds outside. All of these events unfolded in front of foreign media, who did not miss an opportunity to take rare shots of North Koreans fighting with police. This was a patriotic riot, no doubt, driven by lofty and officially sanctioned emotions, but it nonetheless demonstrated that the foundations of social control were eroding.

Around the same time, market riots in the countryside—admittedly, less patriotic in their intentions—began to occur as well. The outbreak of public discontent usually happens at markets when vendors believe that their right to make money is being unfairly infringed by some capricious decision of the authorities. For example, between 2006 and 2007, when the government unsuccessfully tried to restart the PDS, some markets

were closed, and a considerable part of the local population was deprived of the major source of its livelihood. This resulted in numerous protests, usually by middle-aged women. Reportedly, their cry was “give us rations or let us trade!”—not exactly a pro-democracy demonstration but still a challenge to established authority.

The North Korean authorities have been remarkably—and unusually—lenient when dealing with these market riots. Given the secretiveness of the North Korean legal system, one cannot rule out that some of the ring-leaders in such incidents might have been secretly punished. Nevertheless, many of those who participated in the disturbances received either light punishment or escaped punishment completely.

These signs of social relaxation should not be exaggerated. The North Korean state remains one of the most repressive regimes in the world. In spite of some cracks, its surveillance system is still second to none in efficiency and brutality. Nonetheless, the changes are palpable. North Korea is drifting away from Kim Il Sung’s “national Stalinism.” The implication is clear: the society Kim Il Sung built is slowly but inexorably crumbling and being replaced by something else quite different. As this happens, contradictions between the existing political order and the emerging social order could lead to more rapid change and—just as importantly—to the demand for more rapid change. Where these demands will end, we cannot yet be sure.

CHAPTER 3

The Logic of Survival (Domestically)

To an outside observer, the behavior of the North Korean leadership often appears irrational. It seems that there is a tested and easy way out of their predicament—but for some reason they refuse to take it. This allegedly “sure and tested” way is the path of Chinese-style reforms that many people hope North Korean leaders will eventually follow, too. Upon closer inspection, however, the alleged advantages of the “Chinese solution” are far from certain. Indeed, while it would be very good for the North Korean people, Chinese-style reform may very well be dangerous, even fatal, for the elite of the country.

REFORM AS COLLECTIVE POLITICAL SUICIDE

The history of East Asia after the Second World War is, above all, the history of spectacular economic success. The world has not seen anything like this since probably the dramatic rise of Europe during the Industrial Revolution in the late eighteenth and early nineteenth century. Between 1960 and 2000, per capita GDP growth averaged 4.6 percent in East Asia, while the world average was a mere 2.8 percent.¹ It is difficult to believe now that in 1960 the per capita GDP of South Korea was slightly below Somalia, while Taiwan lagged behind Senegal.²

This remarkable economic expansion was presided over (or, rather, induced) by regimes that were decisively illiberal and undemocratic. These