Policy Forum 06-107: North Korea Turns Back the Clock

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Article by Andrei Lankov

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I. Introduction

Andrei Lankov, lecturer in the faculty of Asian Studies, China and Korea Center, Australian National University, writes, "news emanating from the North since late 2004 seems to indicate that the government is now working hard to turn the clock back, to revive the system that existed until the early 1990s and then collapsed under the manifold pressures of famine and social disruption."

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II. Article by Andrei Lankov

- North Korea Turns Back the Clock
by Andrei Lankov

Last Thursday in Seoul, the influential opposition daily newspaper Chosun Ilbo published a government document that outlined the plans for South Korean aid to be shipped to North Korea in the next financial year. In spite of the nuclear test in October and a series of missile launches last summer, the amount sent to Pyongyang this year was record-breaking - nearly US$800 million. If the document is to be believed, the target for the next year is set at an even higher level of 1 trillion won (about $910 million).

This generosity might appear strange, since technically both Koreas are still at war. However, it has long been an open secret that this is not the war the South wants to win, at least any time soon. The Seoul politicians do not want to provoke Pyongyang into dangerous confrontation, and they would be unhappy to deal with the consequences of a sudden collapse of Kim Jong-il's dictatorship. Now South Korea wants a slow transformation of the North, and is ready to shower it with aid and unilateral concessions.

Many optimists in Seoul believe this generosity will persuade Pyongyang leaders to launch Chinese-style reforms. However, so far no significant reforms have happened. On the contrary, news emanating from the North since late 2004 seems to indicate that the government is now working hard to turn the clock back, to revive the system that existed until the early 1990s and then collapsed under the manifold pressures of famine and social disruption.

Signs of this ongoing backlash are many. There were attempts to revive the travel-permission system that forbids all North Koreans to leave their native counties without police permission. Occasional crackdowns have taken place at the markets. There were some attempts to re-establish control over the porous border with China.

Finally, in October 2005 it was stated that North Korea would revive the Public Distribution System, under which all major food items were distributed by state. Private trade in grain was prohibited, so nowadays the only legitimate way to buy grain, by far the most important source of calories in North Koreans' diet, is by presenting food coupons in a state-run shop. It is open to question to what extent this ban is enforced. So far, reports from northern provinces seem to indicate that private dealing in grain still takes place, but on a smaller scale.

From early this month people in northern provinces are allowed to trade at the markets only as long as an aspiring vendor can produce a certificate that states that he or she is not a primary breadwinner of the household but a dependant, normally eligible to some 250 grams of daily grain ration (the breadwinners are given 534 grams daily). It is again assumed that all able-bodied males should attend a "proper" job, that is, to be employees of the government sector and show up for work regularly.

In the past few years the economic situation in North Korea was improving - largely because of large infusions of foreign aid. If so, why are the North Korean leaders so bent on re-Stalinizing their country, instead of emulating the Chinese reform policy that has been so tremendously successful? After all, the Mercedes-riding Chinese bureaucrats of our days are much better off than their predecessors used to be 30 years ago, and the affluence of common Chinese in 2006 probably has no parallels in the nation's long history.

The Chinese success story is well known to Kim Jong-il and his close entourage, but Pyongyang

leaders choose not to emulate China. This is not because they are narrow-minded or paranoid. The Chinese-style transformation might indeed be too risky for them, since the Pyongyang ruling elite has to deal with a challenge unlike anything their Chinese peers ever faced - the existence of "another Korea", the free and prosperous South.

The Chinese commoners realize that they have not much choice but to be patient and feel thankful for a steady improvement of living standards under the Communist Party dictatorship. In North Korea the situation is different. If North Koreans learn about the actual size of the gap in living standards between them and their cousins in the South, and if they become less certain that any act of defiance will be punished swiftly and brutally, what will prevent them from emulating East Germans and rebelling against the government and demanding immediate unification?

Of course, it is possible that North Korean leaders will somehow manage to stay on top, but the risks are too high, and Pyongyang's elite do not want to gamble. If reforms undermine stability and produce a revolution, the current North Korean leaders will lose everything. Hence their best bet is to keep the situation under control and avoid all change.

Until the early 2000s the major constraint in their policy was the exceptional weakness of their own economy. For all practical purposes, North Korea's industry collapsed in 1990-95, and its Soviet-style collective agriculture produces merely 65-80% of the food necessary to keep the population alive. Since the state had no resources to pay for surveillance and control, officials were happy to accept bribes and overlook numerous irregularities.

However, in recent years the situation changed. Pyongyang is receiving sufficient aid from South Korea and China, two countries that are most afraid of a North Korean collapse. The nuclear program also probably makes North Korean leaders more confident about their ability to resist foreign pressure and, if necessary, to squeeze more aid from foes and friends (well, strictly speaking, they do not have friends now).

With this aid and new sense of relative security, the North Korean regime can prevent mass famine and restart some essential parts of the old system, with the food-distribution system being its cornerstone. This is a step toward an ideal of Kim Jong-il and his people, to a system where all able-bodied Koreans go to a state-managed job and spend the entire day there, being constantly watched and indoctrinated by a small army of propagandists, police informers, party officials, security officers and the like.

No unauthorized contacts with the dangerous outside world would be permitted, and no unauthorized social or commercial activity would happen under such system. Neither Kim nor his close associates are fools; they know perfectly well that such a system is not efficient, but they also know that only under such system can their privileges and security be guaranteed.

This is a sad paradox: aid that is often presented as a potential incentive for market-oriented reforms is actually the major reason North Korean leaders are now able to contemplate re-Stalinization of their country.

However, it remains to be seen whether they will succeed, since the North Korean society has changed much in the 12 years since the death of Kim Il-sung. New social forces have emerged, and the general mood has changed as well.

When in the mid-1990s the food rations stopped coming, previously forbidden or strictly controlled private trade became the only survival strategy available for a majority of North Koreans. The society experienced a sudden and explosive growth of grassroots capitalist economy, which by the

late 1990s nearly replaced the "regular" Stalinist economy - at least, outside Pyongyang.

Apart from trade in a strict sense, North Korea's "new entrepreneurs" are engaged in running small workshops, inns and canteens, as well as in providing all kinds of services. Another important part of the "second economy" is food production from individual plots, hitherto nearly absent from North Korea (from the late 1950s, farmers were allowed only tiny plots, not exceeding 100 square meters, sufficient only to grow some spices).

In many cases, the new business penetrates the official bureaucracy. While officials are not normally allowed to run their own business operations, some do, and as the line between the private and state businesses is becoming murky, the supposedly state-run companies make deals with private traders, borrow money on the black market and so on.

As one would expect, a new merchant class has emerged as a result of these changes. Nowadays an exceptionally successful North Korean entrepreneur would operate with capital reaching $100,000 (a fortune in a country where the average monthly salary is merely few dollars). Such mini-tycoons are very few and far between, but incomes measured in $100 a month are earned by many more merchants, and nearly all North Korean families earn at least a part of their income through the "second economy".

These changes have produced a major psychological shift. The old assumptions about society are dead. After many decades of existence under the patronizing control of a Stalinist state, North Koreans discovered that one can live without going to an office to get next month's food coupons. They also learned a lot more about the outside world. Smuggled South Korean videotapes are important, if dangerous, merchandise in the North Korean markets.

Contacts with China are necessary for a successful business, and these contacts bring not only goods for sale but also rumors about overseas life. And, of course, the vendors are the first people within living memory who became successful outside the official system. One of these former merchants recently told me: "Those who once attempted to trade, came to like it. Until now, [North Koreans] knew that only cadres could live well, while others should be content with eating grass gruel, but now merchants live better than cadres, and they feel proud of themselves."

It seems that in recent months we have seen the very first signs of the social activity displayed by this new social group. Early last month, a large group of outraged merchants gathered in front of the local office in the city of Hoiryong, demanding to talk to the representatives of the authorities.

The Hoiryong riot was strictly non-political. A few months ago the local officials collected payments from the market vendors, promising to use the money for refurbishing the old market. However, the market was suddenly closed instead of being refurbished (perhaps as part of the ongoing crackdown on private commercial activities). The outraged vendors gathered near the market and demanded a refund.

The crowd was soon dispersed, and more active participants of the protest were arrested. Had a similar incident happened elsewhere, it would probably not have warranted more than a short newspaper report, but in North Korea this was an event of tremendous significance, the first time in decades that North Koreans openly and loudly expressed their dissatisfaction with a decision of the authorities.

In March 2005, a soccer riot in Pyongyang demonstrated that North Koreans are quite capable of breaking the law, but during that event the popular wrath was provoked by a foreigner, a Syrian referee, and could be construed as an outpouring of nationalistic sentiments (the soccer fans soon

began to fight police, however). This time, in Hoiryong, a large group of North Koreans clearly challenged the state bureaucracy. Perhaps nothing like it has happened since the 1950s.

However, the growing power and social independence of the merchants is not the major problem the North Korean neo-Stalinists have to face. They deal with a society that has changed much, not least because of the penetration of modern technology, which facilitates the spread of information. The key role is played by the Chinese border, which is almost uncontrolled and has become an area of widespread smuggling.

Small radio sets are widely smuggled from China, so much so that a defector recently said: "In North Korea, nowadays every official has a radio set in his house." This is new, since until the early 1990s all North Korean radios were fixed so that they could receive only official broadcasts. Theoretically, radio sets with free tuning are still banned, but this is not enforced. These radios sets are used to listen to foreign broadcasts, especially from South Korea.

Videocassette recorders are common as well. No statistics are available, but it seems that nearly half of all households in the borderland area and a smaller but significant number of households in Pyongyang have a VCR that is used to watch foreign movies. Defectors reported that in mid-October, just after the nuclear test, all North Koreans were required to sign a written pledge about non-participation in "non-socialist activity". It was explained during the meetings that this activity includes listening to foreign radio and watching foreign videotapes.

Thus it seems that only a few people still believe in the official myth of South Korean destitution. Perhaps most people in the North do not realize how great the difference between their lives and those of their South Korean brethren is. Perhaps, for most of them, being affluent merely means the ability to eat rice daily. Discussions with recent defectors also create an impression that most North Koreans still believe that the major source of their problems is the suffocating "US imperialist blockade". Still, the old propaganda about the destitute and starving South is not readily swallowed anymore.

Another obstacle on the way to a Stalinist revival is a serious breakdown of morale among officialdom. The low-level officials whose job is to enforce stricter regulations do not feel much enthusiasm about the new orders. Back in the 1940s and 1950s when Stalinism was first established in North Korea under Soviet tutelage, a large part of the population sincerely believed that it was the way to the future.

Nowadays, the situation is different. The low-level bureaucrats are skeptical. They are well aware of the capitalism-driven Chinese prosperity, and they have some vague ideas about South Korea's economic success. And they are unconvinced by government promises that, as they know, never materialize. Unlike the elite, the mid-level officials have little reason to be afraid of the regime's collapse. And, last but not least, they have become very corrupt in recent years, hence their law-enforcement zeal diminishes once they see an opportunity to earn extra money for looking other way.

At the same time, the new measures might find support from the large segments of population who did not succeed in the new economy and long for the stability of Kim Il-sung's era. Recently, a former trader told me: "Elderly or unlucky people still miss the times of socialism, but younger people do business very well, believe that things are better now than they used to be and worry that the situation might turn back to the old days."

We should not overestimate the scope of this generalization. After all, it is based on the observations of a market trader who obviously spent much time with her colleagues, the winners of the new social

reality. Among less fortunate North Koreans, there will be some people who perhaps would not mind sitting through a couple of hours of indoctrination daily, if in exchange they would receive their precious 534 grams of barley-rice mixture (and an additional 250 grams per every dependant).

Early this month it was also reported that low-level officials had received new orders requiring them to tighten up residence control, normally executed through so-called "people's groups". Each such group consists of 30-50 families living in the same block or same apartment building and is headed by an official whose task is to watch everything in the neighborhood.

The new instructions, obtained by the Good Friends, a well-informed non-governmental organization dealing with North Korea, specify the deviations that are of particular importance: "secretly watching or copying illegal videotapes, using cars for trade, renting out houses or cooking food for sale, making liquors at home". All these are "anti-socialist activities which must be watched carefully and exterminated". The struggle to return to Kim Il-sung's brand of socialism continues.

Still, North Korean authorities are fighting an uphill battle. In a sense they are lucky, since many foreign forces, including their traditional enemy, South Korea, do not really want their system to collapse and thus avoid anything that might promote a revolution. However, the regime is too anachronistic and too inefficient economically, so a great danger for its survival is created by the very existence of the prosperous world just outside its increasingly porous borders.

In the long run, all attempts to maintain a Stalinist society in the 21st century must be doomed. However, the North Korean leaders are fighting to buy time, to enjoy a few additional years of luxurious life (or plain security) for themselves. How long they will succeed remains to be seen.

III. Nautilus invites your responses

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