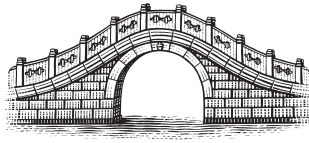


POLICY ANALYSIS

Pyongyang Strikes Back: North Korean Policies of 2002–08 and Attempts to Reverse “De-Stalinization from Below”

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EXECUTIVE SUMMARY

This article explains why the North Korean government has attempted to reassert state control over society—which had been eroding from 1994–2002—and offers predictions regarding the impact that this shift will likely have on North Korean society.

MAIN ARGUMENT

From 1994 to 2002 North Korean society changed tremendously: state-run industry collapsed, the rationing system ceased to function, and free-market activity, though still technically illegal or semi-legal, became most citizen's major source of income. Although not initiated by the government, in 2002 some of these spontaneous changes won the belated and conditional approval of the regime.

The evidence emerging in the last three to four years demonstrates, however, that the North Korean government has chosen not to tolerate those changes. This policy of recrudescence, while economically self-destructive, makes political sense because the existence of an affluent and free South Korea makes North Korea far more insecure. The leadership in Pyongyang has reason to believe that any domestic liberal reform in North Korea would lead to a regime collapse.

POLICY IMPLICATIONS

- Pyongyang's decision to reject reformist policies is based on a rational and well-informed assessment of North Korea's domestic and international situation. Therefore, the outside world can do very little to influence the regime's position, and thus there is no chance of meaningful reform in North Korea in the foreseeable future as long as the current regime remains in power.
- Because the current policy makes sustainable economic growth impossible, the North Korean government will need to rely on stratagems to secure vital foreign aid, with the U.S. being one of the main (but not only) targets of these maneuvers. The "North Korean problem" will remain a part of the international landscape in the foreseeable future.
- If the current attempt by the government at counter-reform fails, this failure will create additional avenues for influencing the North Korean government from within.

The 1990s was a time of deep crisis for North Korea. Having been modeled on the Soviet system of the Stalinist era, North Korean society in essence de-Stalinized itself. In 2002 the government introduced a set of moderate reform policies, known as the 7.1 measures; for the most part, however, these reforms were merely a belated admission of social and economic changes that had already developed spontaneously and could not be reversed. Many optimists thus argued that the reform process would accelerate in the absence of outside pressures.

Yet relaxation of outside economic pressures and a partial improvement in the economic situation in North Korea did not lead to further transformation, let alone Chinese-style reform. On the contrary, since 2004 the North Korean government has persistently pursued a policy of counter-reform, with the clear objective of reviving—at least to some extent—the Stalinist system that collapsed in 1994–2004. Though a complete return to the 1980s system has not occurred (being perhaps impossible), the backlash has been partially successful in reversing the changes.

The counter-reform measures have damaged the country's economy such that a self-sustaining economic revival is virtually impossible. Nonetheless, these measures continue to be implemented with great persistence. This raises the question of why North Korean leaders chose to reject the seemingly attractive alternative of Chinese-style reforms and opted instead to revive the earlier system. The present article analyzes the mechanics of North Korea's transformation in order to answer this question.

This article argues that the current measures are perfectly rational if seen from the viewpoint of the Pyongyang elite. The existence of South Korea and its exceptional economic success means that North Korean leaders face a situation dramatically different from that of China. Chinese-style reforms, though rational from a purely economic viewpoint, are pregnant with political danger—such measures would increase the exposure of the North Korean population to the outside world. Above all, exposure to the prosperity and freedom of South Korea could ultimately undermine the North Korean regime's legitimacy. Therefore, it makes perfect sense for the regime to use all available resources to maintain the status quo domestically while pursuing a diplomatic strategy that aims to maximize aid inflow.

On a methodological note, the changes of the last decade greatly increased the scope of resources available to a student of North Korean society. The most important new factor is the emergence of a large community of defectors, in both China and South Korea. The testimonies of these people, who usually stay in touch with their families back in North Korea, have allowed scholars to

reconstruct changes in the daily functioning of North Korean society as well as in the attitudes of the authorities. Although the palaces of the ruling dynasty remain enigmatic, daily life in North Korea is better understood now than ever before. This article makes the most of this newly available information.

The article is divided into four sections:

- ≈ pp. 50–52 describe how, prior to the 1990s, North Korea was a controlled, Stalinist society
- ≈ pp. 52–58 overview the spontaneous liberalization of the country, beginning with grass-roots changes in the 1990s and proceeding to the regime's belated attempt at reform through the 7.1 measures in 2002
- ≈ pp. 58–66 highlight Pyongyang's attempts since 2004 to regain control over markets and society—looking first at the revival of the public distribution system (PDS) in 2005, then at the recent crackdowns on market activities, and finally at the general attempts to revive the control of society's daily operations
- ≈ pp. 66–71 trace the logic behind Pyongyang's latest decision to move against markets

KIM IL-SUNG'S NORTH KOREA: THE CONTROLLED SOCIETY

Until the early 1990s North Korea could be seen as a perfect specimen of the Soviet-style centrally planned economy, albeit one that was remarkable in its tendency to take this system's peculiarities to the extreme. In the 1970s and 80s, the public distribution system (PDS) was all-encompassing: almost all food and consumption goods were distributed rather than sold; private plots in the countryside were limited to 100 square meters per farming family, making private agricultural production virtually nonexistent; the planning mechanism was rigidly centralized and singularly inflexible; and international economic exchanges were deliberately minimized under the guise of a “self-reliance policy.”

This increasingly inefficient economy was kept afloat by aid from and subsidized trade with countries of the former Communist bloc—above all the Soviet Union (USSR). In the Soviet era, Moscow had little sympathy for Kim Il-sung's regime but needed a stable North Korea nonetheless. Hence, the USSR provided aid grants, shipped heavily subsidized oil, and tolerated a large trade deficit with North Korea. According to estimates of Korea scholar Nicholas Eberstadt, North Korea's cumulative foreign trade deficit in 1970–97,

if measured in current dollars, amounted to \$12.5 billion (or approximately 40% of the cumulative nominal exports of the country).¹

North Korean police surveillance was thorough to a degree that had few, if any, analogues in the Communist bloc. In order to travel outside their native town or county, North Korean citizens had to apply for a special “travel permit,” which was issued by authorities following a time-consuming procedure. Some areas—including the country’s capital, Pyongyang—remained closed to non-essential private travel for decades. Every North Korean belonged to a “people’s group,” consisting of 25–40 families who lived on the same block or in the same apartment building. These groups operated under an appointed head who monitored all activities occurring in the neighborhood. Everybody who stayed overnight with friends or relatives had to register first with the people’s group and produce the necessary documents.² Random home searches, conducted around midnight several times a year, were another part of everyday life in North Korea.³

In short, Kim Il-sung’s North was a perfect example of a Stalinist society, one in which the peculiarities of this system (sometimes described as totalitarian Communism) were especially pronounced.⁴

Since the 1960s the North Korean leadership has realized that complete isolation from the outside world was an important condition for the regime’s survival. This became especially important following the early 1970s when South Korea began to overtake North Korea economically. Pyongyang applied extraordinary measures to keep the North Korean populace ignorant of growing South Korean prosperity. Radios with free tuning were made illegal so radio sets could receive only official broadcasts. All non-technical foreign publications were sent to special sections of libraries where they could be accessed only by people with appropriate security clearances (no exception was even made for periodicals from the supposedly “fraternal” countries of

¹ Nicholas Eberstadt, *The End of North Korea* (Washington: AEI, 1999), 99–100.

² For the role of people’s groups, see Kim Sung-chol and Pak Son-yong, “Pyongyangsi inminpan unyong siltaewa chumin saenghwal” [The Management of a People’s Group in Pyongyang and Life of the Population], *Pukhan*, no. 4 (2006): 186–201.

³ Research on police control and surveillance in North Korea is still in its infancy, but the basic workings of the system, outlined above, have been described many times, as they are well-known to every North Korean. See, for example, a detailed description of travel restrictions in Kim Sung-chol, *Pukhan tongpotului saenghwal yangsikkwa machimak huimang* [The Way of Life of the North Korean Compatriots and the Last Hope] (Seoul: Charyowon, 2000), 185–97.

⁴ For a discussion of the definition of “Stalinism,” see Seweryn Bialer, *Stalin’s Successors: Leadership, Stability, and Change in the Soviet Union* (Cambridge: Cambridge University Press, 1980), 9. The North Korean social system is sometimes described as “totalitarian,” but the present author prefers the term “Stalinist,” as it is more specific. For a more detailed discussion of the issue, see Andrew Scobell, “Making Sense of North Korea: Pyongyang and Comparative Communism,” *Asian Security* 1, no. 3 (2005): 244–56.