Re-recognition into Social and Economic Changes of North Korea

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1. Preface

It is very important to correctly understand changes in the society of North Korea in many aspects. While to accurately figure out North Korea's movement, which is deemed one of the main factors causing uncertainties of Northeast Asia, and to cope with such movement in a proper manner are directly connected to understanding of this region in terms of political and military interests, to understand North Korea in terms of economy can bring strengthened economic ties and more detailed idea on the economic cooperation in the Northeast Asia. In terms of society, it is deemed possible to come up with right countermeasures to assist stabilization and social changes of North Korea. Especially, NGO having various relationships with North Korea is directly connected with future outlook concerning the project of support and cooperation with North Korea. Due to these reasons, there have been many discussions regarding changes in the society of North Korea. These discussions show diverse assertions from the assertion that North Korea is facing with marketization rapidly and will run into the reformed state socialism through reformation and market opening in the same manner as China(Predictions of North Korea's collapse are not included) to the assertions that North Korea's change is clearly being reshaped, but this country has overcome confusion in the 1990s in some degree and has been stabilized in terms of politics as least. When taking a comprehensive view on existing evaluations on North Korea, it is clear that the society of North Korea is changing, and even though this nation is experiencing changes such as introduction of market and changes in existing hierarchical order, etc., still changes in politics and society of North Korea are not prominent. This paper will put its focus on variables causing changes in North Korea, directions of the changes in this nation, and re-evaluation of the characteristics thereof.

2. Alterations in the Socialist State and the Changes in North Korea before 1990s

1) Alterations in the Socialist State

In general, the biggest cause of transition from socialism to capitalism is decline in production capacity or defeat in competition over development with capitalism. That is, introduction of market in accordance with decline in production capacity,
promotion of reformation and market opening, and elite cleavage over such reformation and market opening, etc. are the causes of denying existing system and building new system. In addition, existence of outer world and inflow of external information which prompted such changes and provided model for the new system was the factor bringing changes in socialism. However, these factors are objective backgrounds of changes in socialism, and the important thing is the ideological cleavage in the socialism and formation of new discourses. In other words, in the various reformation on the system aimed to introduce market and enhance production capacity, controversy and struggle over power surrounding ideology of existing socialism are appearing, and cleavage of elite occurs. Also, union between the general public with reformative elite or resistant intellectual, or new discourse led by them (Resistant discourse or liberalism discourse, etc.) emerges to the general public as a hope and alternative for new society. Therefore, reformative measures, introduction of market, elite cleavage, and ideological changes, etc. are the most important factors of changes in the system. This process, of course, shows various aspects through combination of complicated factors in terms of history. Such various aspects can be classified into reformation/market opening from the top and reformation/market opening from the bottom in accordance with the direction of promotion of this reformation/market opening, and into radical transformation and gradual transformation in accordance with speed. These factors of changes can be classified into elite cleavage, discourse features(Ideological features), and global impact, as shown in the diagram below.

**Classification of Types of Transformation(Changes) in the Socialism**

2 Most of the changes in the socialist state began in the midst of counteracting in accordance with fall in production capacity, i.e., in order to overcome economic inefficiency, capitalistic factors such as recognition of pursuit of interest of individuals and market are introduced.

In the long run, the most important factor causing changes in socialism is deemed the issue of production capacity and introduction of the market in an objective point of view, but internally it is deemed the issue of ideology and elite. Meanwhile, it seems cohesion of the elite group and government's abilities on control over the general public that decide which pathway the transformation of socialism would take between gradual transformation and radical transformation.

The issue that should be addressed is that this change has been possible thanks to accumulation of historical process for a long period of time. The point of view that the afore-mentioned process has been promoted at a certain period of time in an explosive manner helps to explain dynamic nature of the change, but it hinders to understand understanding of the structure of such change. It can be said that changes in socialist states have been possible with various changes prompted in the midst of trying to change current system through introduction of market, etc. in order to achieve the target of enhancing production capacity when these states are under the system management stage after going through the system building stage. It has been brought by the dialectic between the Utopia and building an economy. As said by Lowenthal, the process of continuous struggle between Utopia and Development can be said as an in-depth structure of changes in socialism.

2) Changes in North Korea before 1990s

In this aspect, the society of North Korea has been reshaped for last 60 years ceaselessly, and the state’s control over this change has been comparatively successful. As what Charles Amstrong said, it can be said the most successful Stalinism, and as what Bruce Cumings said, it can be regarded as the successful system where exchange between ‘Sponsorship-loyalty’ has been successful. However, socialism of North

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4 As for importance of elites in terms of transformation of socialism, refer to Kwon, Man-hak, “Pathways from State Socialism and North Korea: The political Economy of Collapse and Reform,” Korean Political Science Review, No.35-4(2002).

5 One of the biggest difference between experience in China, Soviet Union, and Eastern Europe is the elite cleavage structure. There existed elite cleavage in China also, but the elites shared homogeneity to sustain and develop socialism. But, they had controversy over the type and speed of reformation. Another major difference is the degree of connection with global economy. Roles of global banks, Europe, or US shown in the midst of transformation of Soviet Union and Eastern Europe were different from those of China. Finally, one of the most important variables causing the transformation of China, Soviet Union, and Eastern Europe is deemed the historical experience. In case of Soviet Union and Eastern Europe, they shared the experience of civil society in the process of capitalism revolution, but the socialist states such as China exhibited that the process of capitalism revolution was omitted or historical experience of civil society formation was lacked.


Korea shows different aspect with other socialist states in that this country has never given up strong group-oriented characteristics or collectivism.

That is, North Korea has found out the essence of socialism in forming social communities rather than excellence in production capacity, and thereby it has kept superiority in terms of ideology than production capacity enhancement. 9

North Korea which completed building of the system by 1970s has experienced connection and stoppage after going through failure in careful connection with global economy. And, the cause of this is the process of struggle surrounding building an economy. Strengthened ties with eastern countries in 1970s, especially European countries10, and enactment & enforcement of the Law of Equity Joint Venture on 1984 was different from the image of North Korea as the closed country. In the viewpoint of ‘Change’, of course, North Korea’s changes since 1980s are different from reformation and market opening we would think natural. Also, it is clear that internal changes also show different direction with liberalization and diversification that have been considered as a symbol of changes in politics in that the Sooryung(Leader) system has been formed and strengthened. However, it is clear that North Korea has experienced performance of revolution, social and economic changes for economic growth, confusion due to cultural changes during last 50 years. In this process, this country has experienced changes in elites of politics, controversy over theory surrounding building an economy, and struggle over changes in cultural phenomenon.11

Changes in last 50 years of North Korea can be said as the struggle for collectivism in brief. Regardless of success or failure of the process of struggle, the Sooryung(Leader) system, strong dictatorship, strengthening of ideological purity, etc. have been pursued, where the characteristics of the Stalinism were prominent. In sum, it was the socialism showing the unique nature of North Korea. There were two major reasons which made North Korea maintain rather passive changes compared with other socialist states: One was historical experience and identity of dominant elites of North Korea, and the other was division between South and North Korea, which

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9 North Korea's socialism has moved its focus on collectivism after 1980s. Even in 2000s, the theory that production capacity under socialism is superior to capitalism was denied. In other words, it came to be recognized that socialism can fall behind the capitalism in terms of production capability. Kim, Jong-il, ‘Socialism is Science(November 1, 1994)’ 『Anthology: Kim, Jong-il 13』 (Pyeongyang: Chosun Workers’ Party Publication, 1998); Kang, Eung-cheol, ‘Thorough management principles on planned economies is a concrete collateral to realize putting our system first,’ 『Economic Research』 2002, No.4.

10 In this period, trade volume of North Korea with developed countries and capitalist countries stood at 50% or more.

11 In case of political changes, struggle for power for two times became an important momentum to cause the Sooryung(Leader) System. This struggle has focused on dispute over building an economy, that is struggle for Utopia and pragmatism. Refer to Lee, Tae-seob’s, 『Study on Kim, Il-sung Leadership』 (Seoul: Dulmyouk Publishing, 2001), Kim, Yeon-cheol's, 『Industrialization and Economic Policy of North Korea』 (Seoul: Historical Criticism, 2001).
eventually caused North Korea's 'War socialism.' Especially, in the world-wide cold war era, division of these two Koreas made North Korea maintain the state-mobilization for war and tension rather than hasty changes and innovation, and thereby this caused distorted distribution of resources and caused serious obstructions to building an economy. Increase in defense expenditure has become significant burden to economy of North Korea since mid-1960. Kim, Il-sung mentioned, ‘North Korea had to replace a plant with a combat plane.’ And, this process consequently ignited weaponization of the ideology of inhabitants, and caused the anti-Americanism and anti-imperialism. That is, the society of North Korea has been formed after somewhat 'Being pushed'.

3. Economic/Social Changes in North Korea

In 1990s, North Korea faced with many economic and social changes. Under the Post-Cold War era, North Korea's economy was seriously endangered attributable to death of Kim, Il-song, serious food shortage, collapse of socialist market causing demolition of economic balance, isolation owing to 'Nuclear crisis,' and so on. This crisis caused failure in planned economy, making North Korea admit failure in the 3rd seven-year plan (1987-1993). Such economic woe was rapidly spread into other areas and ignited movement and escape of North Koreans to secure food, also fueling internal disputes over changes in economic policies.

The factors which caused changes in North Korea can be classified into six(6): First one is the economic crisis; food shortage, material shortage, energy shortage, and foreign currency shortage are representative examples. Second one is the impact attributable to inflow of external information through borderline between North Korea and China. Third one is increase in social disorder owing to movement of inhabitants and weakened state control. Fourth one is inflow of information helped by exchanges between South Korea and North Korea which have been increased since late 1990s and creation of new recognition toward South Korea. Fifth one is changes arising from extended and formally-recognized market(After 2002). Final one is demographic change, i.e., a shift in generations and changes in values therefrom are major causes of changes. While these causes are objective background, we need to pay attention that the state's reaction has been changed from the past. That is, in accordance with

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12 Seo, Dong-man, ‘Regime of North Korea and Nationalism,’ Study on Historical Affairs, No.4(2000).
13 A German novelist Luise Rinser recorded that Kim, Il-song got angry while paying for money to buy a combat airplane, "With the money required to buy a combat airplane, we can build another plant.' Luise Rinser, translated by Kang, Kyu-hyeon, Story of North Korea (Seoul: Hyeongsung, 1988).
14 In 1993, then Premier Kang, Song-san publicly announced failure of the seven-year plan(The 3rd).
weakened state control, the attitude to accept, overlook, and admit changes from the bottom has been shown, but no gross changes have been exhibited in terms of politics. Changes in North Korea in terms of politics, economy, and society are as specified below.

1) Politics

After 1990s, it is hard to detect gross changes in politics of North Korea at least in terms of power structure and changes in elites. Though, microscopic changes have occurred, and it is likely that these changes may be functioning as the biggest variable in politics of North Korea.

First of all, it seems that interests of North Koreans toward politics have been comparatively decreased. That is, their interests are seemed to shift from obtaining political power and honor to attaining economic profits. These changes are seemed the changes of individual inhabitants, but these will cause weakening of political mindset owing to overall shortage of political learning. Also, there is an issue of inconsistency between the ideology and reality. In other words, Juche(Self-reliance) Idea and the military-first idea are forced but pursuit of interest is justified in reality, and thereby the inconsistency between ideology and pursuit of practical interest has been shown. While the military-first politics(Military-first idea) is appealing to inhabitants in the aspect of security and military, pursuit of practical interest in the economic aspect is related to the state's acceptance of the changes of inhabitants and formation of the state discourse accordingly. Along with this, nationalistic discourse has been strengthened from the late 1980s, and the nationalism has been utilized as the developmental ideology. In North Korea, strengthening of nationalistic discourse is deemed to have a function as an ideology to protect the socialist system, an ideology on unification issue, and an ideology responding to the discourse of globalization, etc. Notwithstanding afore-mentioned changes in political ideology, it is deemed that the Juche Idea and the military-first idea have superiority over others, and pursuit of practical interest can be retreated at any time by the state's control. Also, these changes have been possible due to the fact that North Korea accepted changes in reality and extend such changes into the state discourse, and thereby given that to form an alternative discourse form the bottom is not deemed easy, to leap ideological

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16 One of the most important factors of politics of North Korea is learning toward organized public. However, after 1990s, organizations that became loose caused negligence in learning, and thereby then generations' level of learning of politics was deemed not high. Though comparison was not easy, this was shown in that the North Korean youth refugees' level of learning was quite low.

17 This phenomenon existed in the past, i.e., loyalty toward the Sooryeong(Leader) system was seen strengthened, but in reality, such loyalty showed the formalism. Though details are different, it is deemed somewhat similar to today's military-oriented politics-practical interest structure.

border is deemed difficult for the time being.

Secondly, changes in political systems are not deemed significant, and operation of political system centering on the national defense committee after 1990s is seemed the biggest characteristic. In addition to this, it appears that the function of the cabinet has been bolstered, and the power structure in the form of ‘Party - Government - Military role-sharing’ has been operated. What is important is that it has not been found out that the evidence showing that the Party's leadership has been seriously damaged. Rather, it is deemed that while ironing out current issues relating to closing/integration of inefficient divisions and the Party's involvement in administration, to beef up the Party's characteristic as a political organization is deemed pursued.

Finally, changes in political elites can be mentioned. After 1990s, changes in political elites have the characteristics such as replacement and promotion of military elites and frequent replacement of the cabinet elites, and the elites in the 3rd and 4th generations are emerging in each area. In case of military personnel, recently Kim, Jong-gak (the first deputy chief of the general political bureau of the people's army), Lee, Young-ho (the chief of the general staff of the people's army), Lee, Myong-soo (the chief of the military action bureau of the people's army), et al. are gaining attention, and in the case of the National Defense Committee, the elites in the 2nd and 3rd generations are placed. Division commanders and officers in command are deemed to be replaced with the elites in the 3rd and 4th generations. As for the executives of the Party, existing executives are maintained, but practical business of the Party has been done by the elites in the 3rd and 4th generations. In case of the cabinet, the elites in the 3rd generation exhibited a full-out appearance and are working at an economic field. In the future, it is highly likely that political elites will show substantial changes in the midst of the leadership succession, but it is deemed that changes in the elites structure will not be significant.

2) Economy

19 Kim, Gap-sik, "Power Structure of Kim, Jong-il Regime." (Paju: Korean Studies Information, 2005)
20 In case of local parties, not a few organizations of the parties were failed to function appropriately. However, when such organizations have become recovered after 2000s, they were seen stabilized gradually. Especially, through the Delegates' Conference of parties, it is expected that the parties will be normalized and the leadership will be strengthened.
21 This is called, ‘Acting Administration’ of the Party. It bespeaks that the Party has not led economy through political guidance, but directly led economy. This was pointed out as a cause of bureaucracy, formalism, etc. It has been asserted that the Party should be operated centering on political guidance, as the Party is a political organization. But in reality, the authority and guidance of the Party(And executives of the Party) have played the most important role in all the areas.
22 It is seen that North Korea recently formulated the leadership succession in the post-Kim, Jong-il regime through the Delegates' Conference of the Party. Also, in this meeting, the executives of the Party were supplemented, where existing executives took major positions and core personnels joined core organizations of the Party in order to facilitate the leadership succession.
The biggest change in North Korea after 1990s occurred in economy. It was prompted by economic slowdown in a direct point of view, but introduction and extension of market, emergence of economic pragmatism, etc., were functioning as the core factors fueling changes in values of inhabitants. Changes in economy centering on economic ideology, economic system, and changes in elites are as shown below.

First of all, changes in formal economic theory and inhabitants' viewpoint on the economy are prominent. That is, it was change from the traditional self-reliance economy to interest-based economy in brief. This change began from naturally occurred characteristics and then was formulated as the state's pragmatic discourse. While the change in viewpoint on economy aimed to pursue economic survival was made at the level of individuals, the change in economic viewpoint from the top was made at the level of group. It implied that the change from the bottom was admitted by the government authorities, and it also showed the nature of compulsory change. Change in the viewpoint on economy caused rupture of traditional thinking and intensified inhabitants' individualistic nature, meaning that the traditional group-centered ideology was altered. North Koreans currently are experiencing extended concept of profits, spread individualism, and occurrence of hierarchical crevice, etc., and it is deemed that this tendency has been gradually intensified. That is, gap between urban and suburban areas and gap by plants arising from change in the economic viewpoint and state policy, differentiated market participation opportunities and so on brought gap among individual income, thereby fueling some social problems. As for these social problems, there were the issue of reliability toward the Party, spread non-socialist circumstances, the issue of discipline and order, and illegitimate accumulation of corruption and money, etc. It was reported that manual manufacturing industry and individual employment occurred in some areas. Furthermore, given that division between public-private became obscure, the phenomenon of compromise and transactions between individual-plant, individual-Party has become prominent. In light of the past experience that such change in economic viewpoint reduced the socialist economic plan, and eventually it created economic ideology, causing changes in the political ideology, in the future, what actions North Korea will take is gaining attention. This phenomenon appeared as the serious issue in North Korea already, and this country has intensified control over

23 The core of ideology indoctrination of North Korea lied in forming the collective communities centering on the leader.
24 The issue of transaction and compromise is named as chronic ills of socialist economy. Transaction and compromise for ‘Fewer plans and larger resources’ brought serious inefficiency and ‘Soft-budget constraints’ of socialist economy. However, the transactions and compromise of North Korea are rather the transactions and compromise aimed to create opportunities to reap individual income rather than the transactions and compromise between ‘Plan’ and ‘Market’, and thereby showing difference with the transactions and compromise in the past.
Secondly, the change in the economic system included decrease in planned area and increase in autonomy. First of all, in the standpoint of production plan, central plan was decreased and autonomous plans of factories were increased. Also, it was deemed that a lot of economic rights were transferred to a unit of a factory. The plan was reduced to performance of the state obligations in accordance with strategic materials and amount indicators. Also, the past spot-centered was changed into cash-centered. This showed that material incentives were given to factories in an effort to increase motivation toward increase in production from the bottom. Especially, after the ‘7.1 Policy' in 2002, change in production was extended to entire production areas, causing rise in purchase price in agriculture and strengthened disposal right of farmers. In case of a plant and factory, the self-supporting accounting system was beefed up, but internally it showed problems in terms of production enhancement owing to weakened labor discipline and shift of interests to earning profits through market. In other words, managers or laborers of a plant or factory showed the phenomenon, ‘With one eye on the Party, and the other eye on a market.’

The most prominent change in economic policy was introduction and extension of a market. Introduction of a market caused changes in the state's economic policy, bringing the dual price system. Market price was decided based on supply-demand principle, and the Party tried to control the market price to a certain level through physical power. Meanwhile, in line with introduction of a market, North Korea also recognized limitation of control based on power and strived to control a market through economic measures. Aside from the activities to gain profits at a market this caused change in consumption behaviors - Consumption centering on daily necessities to consumption focusing on improvement of ‘Quality of life’ - extended gap between hierarchies owing to gap of income level, and increasing movement of inhabitants, etc. Especially, while transactions, compromise, bribery-giving between executives and sellers were increasing, non-socialist practice was spread, and it deemed that this could be serious threat to social integrity. In other words, extension of a market and

25 Currency exchange which has been done in a full-out manner this year is deemed relevant to this.
26 In the event of agricultural industry, purchase price is deemed increased and the right on disposal of agricultural surplus is deemed extended, but it is not clear that how much effect these may have. According to interviews with the North Korea's youth refugees, purchase is still led by the state, and the agricultural surplus is also disposed by the purchase by the state.
27 It is deemed that the labor discipline exerted serious influence over strengthening of control over market by North Korea. Based on the North Korea's "Economic Research," in 2009, it is pointed out that production discipline, labor discipline, and financial discipline should be amended without delay.
28 Double price means that there exist state-decided price and market price. As these two prices are existing, producers can avoid purchase based on the state-decided price, and have stronger motivation to rack up profits through selling at markets.
29 North Korea, of course, has determined the upper limit of market price to control such price and tried to maintain adequate price at markets. It is doubtful that how this has been realized, though.
increase in commercial activities therefrom increased non-socialist phenomenon such as crime, corruption, and bribery, etc. In 2000s, illegal conversion of goods of plants as in the 1990s and illicit transactions of machinery components and so on were somewhat mitigated, but transactions through a market has been continued. In rural areas, there was a pocketing of fertilizers, which should be used for cooperative firm, and using of them to individual kitchen garden. There also was a tendency to pocket the state's materials to a market by using a gap between the market price and state price. Recent remarks of Kim, Jong-il, saying, ‘Market became a place for non-socialist behaviors’ implied that there were side-effects after legalization of market. Also, after extension of a market and ‘7.1 Policy’ in 2002, as the gap between wage income was formally admitted, there was a phenomenon of relaxed social integrity. Gap of individual income was mainly attributable to market participation opportunities and normal operation of plants and factories, etc. While the people who accumulated money through a market were appearing, gap among hierarchies exhibited. The workers working at a profit-making plant could receive normal salaries, but the other workers faced with difficulties in maintaining basic life. Due to these reasons, working poor at a city was occurred, and the vulnerable class was created. These phenomenon was deemed the polarization of North Korea. The issue lied in that this polarization could have political nature. That is, the state couldn't property protect North Koreans supporting North Korean regime, and thereby dissatisfaction and uncertainties of the society could be raised. Due to this, North Korea has put stricter regulation on a market.  

Finally, one of the changes in economy was replacement of economic elites. After reshaped into the cabinet system in 1990s, the position of the cabinet was strengthened and the supplementation of the cabinet elites centering on the 3rd and 4th generations were carried out. Technocrats cut a conspicuous figure in the cabinet. While denouncing 'Acting administration of the Party' which was one of the economic issues of North Korea, expertise of the cabinet was boosted and economic elites were placed at front. These changes were interpreted that while declaring 'Cabinet system' or 'Cabinet government', it was tried to keep a certain distance from the economic policy subordinate to politics. Accordingly, different from politics and military area, supplementation of elites with comparatively younger age and higher competence was

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30 North Korea's control over markets is known to have been tightened since 2007. Accordingly, operating hours of markets have been reduced, the age available for commercial activities has been limited (50 years or older), and market transactions for some products have been restricted, etc. In 2009, also, market participation was restricted through mobilizing inhabitants for 150-day and 100-day combat respectively.

31 The process of supplementing elites of North Korea pursued combination between the 'Hong' (Red) and 'Jeon' (Expert), rather than changing from the 'Hong' (Red) to 'Jeon' (Expert). In the case of the Party and military authorities, however, the superiority of 'Hong' has been overwhelmingly maintained. However, in case of the cabinet, the superiority of 'Jeon' has been secured, showing that the cabinet has still been under the weak position as the elite having authority. The cabinet has been supplemented with tech-based elites equipped with skills and economic abilities.
made. The role as an economic leader of the cabinet could not but have limitation, and in the circumstance where political power was weak, it was deemed difficult for the cabinet to promote economic policies with power. Especially, it is highly likely that there will be distortion of distribution of resources owing to characteristics of the military-first economy. In consideration of the fact that the biggest change in elites was in economy, the change in elites in this area is deemed to be continued. Reshuffle of the cabinet centered on Choi, Yeoung-lim and others was seen to back up the cabinet. Spread of economic pragmatism bespoken that the cabinet would be strengthened focusing on capabilities of executives.

3) Society

After 1990s, economic crisis and confusion therefrom prompted social changes. Especially, extension and formal introduction of a market caused changes in values of North Koreans and extended gap by generations, hierarchies, and regions, thereby bringing changes in social system.

First of all, in the aspect of values of inhabitants, collective values were weakened and rather individual values were increasing. Especially, profit-making in accordance with spread of pragmatism made individuals sensitively react to individual profits and weakened traditional collective values. This extended values of individualism caused a gap between ideology and reality, superficial loyalty, and potential criticism. Extension in values of individualism implied extension in non-socialist phenomenon. This not only caused illegal activities but also changes in traditional ethical mind, and gap among generations. It is deemed that songs, video, and books from South Korea and other countries through NGOs developing activities in North Korea and nearby China have exerted significant influences. In the North Korean newspaper targeting the youth, <Youth Vanguard: Newspaper of Youth League>, public order that should be kept by youth at a bus or a tram was mentioned and it was emphasized that inflow of liberalism should be thoroughly banned. This indirectly bespeaks that North Korea is experiencing changes in spiritual and ethical aspects influenced by inflow of new ideology. In fact, changes in these values might be caused by inflow of external information. While CDs and other media were supplied from outer world, North Koreans became exposed to movies and soap operas of China, Japan, Korea, and the US, etc. Changes arising from these culture shocks have exerted influence over traditional values and ethics.

However, these changes are not deemed to mean fundamental changes in ideology. They were followed by culture shock and inflow of information, and failed to reach to

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32 Choi, Yeong-lim, who was appointed as the premier, has supported Kim, Il-song and Kim, Jong-il for a long time. Aged 80, Choi is not likely to develop substantial activities. However, appointment of Choi is deemed to have a purpose to beef up connection between the Party and the cabinet, and enhance expertise. Choi was an economic expert who worked as a minister of Economy.

33 A host of refugees from North Korea witnessed that they watched these movies and soap operas, though it is hard to calculate the exact percentage.
create 'alternative discourse'. Also, even though phenomena such as failure to participate in organizations for a long time to run a business meant at a market, a return is to be paid to executives or corresponding compensation is to be provided, and thereby corresponding control is given.

This shows that in the event of failing to participate in organizations for a long time to run a business at a market, a return is to be paid to executives or corresponding compensation is to be provided, and thereby corresponding control is given.

As for such changes in the network, refer to Jang, Se-hoon, "Changes in Social Network of Citizens of North Korea," translated by Choi, Wan-gyu, "Crisis and Change of Cities of North Korea" (Paju: Hanul, 2006).

Changes in social systems showed the aspects of law and system. The Constitution revised after the 1990s reflected the reality of North Korea. First of all, the following changes were included: Systematization of market extension and introduction, changes in existing control over society such as freedom of residence and movement, economic changes including price and salary structure, occurrence of new reality such as crime via computer, and systematization of individual income creation, etc.

Accordingly, market space became extended and systemized, and new human network was created. Also, with extended freedom of residence and movement, transfer of information was hastened and in turn affected changes in values. Therefore, the issue of inequality phenomenon was increased and this was recognized as the thing that counter to socialist equality but it was natural phenomenon. Inequality caused increase in motivation of labor and also made people have more interests in commerce at a market causing decline in motivation of labor. One of the important changes in social systems was introduction and establishment of hamburger store and Italian restaurants centered on Pyongyang and convenient stores exerted influence over culture of consumption. This change in consumption will be affecting rise in individual thinking. Finally, the important aspect of social changes is extended gap among regions.

Secondly, changes in social systems showed the aspects of law and system. The Constitution revised after the 1990s reflected the reality of North Korea. First of all, the following changes were included: Systematization of market extension and introduction, changes in existing control over society such as freedom of residence and movement, economic changes including price and salary structure, occurrence of new reality such as crime via computer, and systematization of individual income creation, etc. Accordingly, market space became extended and systemized, and new human network was created. Also, with extended freedom of residence and movement, transfer of information was hastened and in turn affected changes in values. Therefore, the issue of inequality phenomenon was increased and this was recognized as the thing that counter to socialist equality but it was natural phenomenon. Inequality caused increase in motivation of labor and also made people have more interests in commerce at a market causing decline in motivation of labor. One of the important changes in social systems was introduction and establishment of hamburger store and Italian restaurants centered on Pyongyang and convenient stores exerted influence over culture of consumption. This change in consumption will be affecting rise in individual thinking. Finally, the important aspect of social changes is extended gap among regions.
on equality (Socialist paternalism), and implied that systematization of inequality was spread over the society. The direct causes of gaps among hierarchies were gap of income, market participation, creation of illegal income, and creation of income by using political power, etc. Due to such rise in inequality, traditional hierarchical classification and preference have been changing. In other words, people are re-evaluated not based on an ancestry but on economic capabilities, and it had influence over selection of occupations also.\textsuperscript{37} Still, political power such as the executives of the Party show high preference, occupations which deal with trade or commerce, or through which people can make money show increasing preference. While the enthusiasm to be a member of the Party has been weakened, the factors such as materials and money have become important in occupation and marriage, etc. Together with hierarchical gap, regional gap is increasing. Gap between large cities adjacent to Pyeongyang and with good accessibility with external area and the remaining areas has been increasing. This gap showed difference in terms of market size, market activities, and circulation of goods, etc. Although this gap existed in the past, it has been worsened after 1990s.\textsuperscript{38} Gap of generations was another important factor causing changes. Inhabitants in their 30s and 40s are the people who spent their teenage during the 'Arduous March,' showing very sensitive response to introduction of a market and external information. They are deviated from traditional values in terms of ideology, culture, and ethics. Especially, in case of these generations, they were under the ‘Arduous March’ era, and they couldn't learn appropriately, thereby showing shortage of ‘Learning capabilities.’\textsuperscript{39} Meanwhile, low-educated people or young generations showed more drastic or hostile attitude toward outer world.\textsuperscript{40}

\textsuperscript{37} Traditional hierarchical classification lost power and new classification - upper class, middle class, and working poor, etc. - is being recognized, i.e., the past classification such as elite class, discriminated class, under class, etc. lost power.

\textsuperscript{38} The largest market of North Korea, which symbolizes this regional difference is the Sunam Market in Chongjin, which is not in Pyeongyang or in outskirts of Pyeongyang. Chongjin has easy accessibility, enjoys good location, and shows development of cities, thereby equipped with good conditions for markets, and therefore a lot of materials are supplied to this market.

\textsuperscript{39} In reflection of this phenomenon, North Korea emphasized importance of learning back in 2006 through new year's column. I felt during interviews at Pyeongyang that knowledge on history and politics of North Korean guides was insufficient.

\textsuperscript{40} Especially, it is highly likely that generations of North Korea who have kept their eyes on North Korea-US conflicts since 1990s have higher hostile sentiment toward outer world. An officer of the US who visited North Korea said, ‘They showed attitudes more hostile than us.’ Tim Beal, \textit{North Korea: The Struggle Against American Power}, Translated by Jeong, Yeong-cheol, \textit{『North Korea and the US: History of Conflicts』} (Seoul: Seonin, 2010).
### Table 1: Causes and Types of Changes in North Korea

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| Introduction and Change in Market | Rise in values of individualism and materialism  
Increase in non-socialist phenomenon (Bribery, conspiracy, and collusion, etc.)  
Weakening of the state-led planning and extension of market economy  
Circulation of external information and formation of new human network  
Formation of seed capital, occurrence and extension of manual manufacturing industry  
Extended inequality among hierarchies concerning wealth |
| Inflow and Change in Information | Inflow of external information, culture shock, and cultural changes  
Inflow of new culture and changes in values  
Extended gap among generations - Conflict  
Information sharing, collusion, and conspiracy  
Extended non-socialist phenomenon |
| Adoption and Change in Technology | Transfiguration of new technology and cultural values  
Introduction of new products and changes in consumption patterns  
Activation of material incentives and changes in values  
Changes in attitude toward science and technology, and changes in social roles and treatment  
Bigger gap among generations |
| Occurrence and Change in the Gap among Generations | Conflict over values between new and old generations - Culture and moral, etc.  
Differentiation of reformation and market opening  
Differentiation of flow of liberalism and individualism |
| Acculturation and Changes | Widen gap among generations  
Acceptance of external culture and changes in daily lives  
Spread of market culture and changes in values  
Rediscovery of individual lives and extended diversity of consumption |

When synthesizing these causes of changes and types of actual changes, we could notice that North Korea is being reshaped from collectivism to individualism, from focus on political superiority to focus on material value, from the society with public discourse to the society with gradual emphasis on private discourse, and to the direction where socialist moral and culture are significantly infringed by liberal moral
and culture. In the center of this change, there are introduction of market and inflow of external information. Statement of refugees from North Korea proved that introduction of market and inflow of external information has exerted the largest effect rather than other factors.\textsuperscript{41} Accordingly, current changes can be seen as stay at a level of 'Minimizing political changes', but if this changes is being kept, it will compulsorily cause political changes and exert significant influence over the future of North Korean regime.

4) Stricter Control

It is deemed that control by the Party concerning this change has become fierce. As said by most of the refugees, control by the Party has been strengthened in 2000s compared with the 'Arduous March' area in 1990s. This can be interpreted in two ways: The first is that the state's control ability has been enhanced compared with 1990s, and the second is that the level of social disorder and desertion from the state is highly likely to grow and it may exceed the endurable level. However, it is deemed that the state has used various measures, not only physical coercion. First of all, this change has been accepted from the top. As clearly shown in the '7.1 Action' in 2002, the state's acceptance of changes include partial legalization of market and recognition of freedom of residence and movement, etc., and admission of legality for profit-pursuing actions of North Koreans. The recognition of profit-pursuing actions had important meaning, and this made political evaluation toward fair labor and profit-pursuing actions of individuals possible.\textsuperscript{42} Secondly, physical control has still be emphasized, and it has been strengthened since 2005. The core of the control included strengthening of curbing on market, strengthening of control over non-socialist phenomenon, and enhanced intervention with inflow of external information. Centering on the Party and Social Security Bureau, a special team (Anti-socialism censorship group, etc.) was organized to censor non-socialist phenomenon. Also, control activities to stop inflow of external information at a border area have been strengthened. As for control over market, limitation of available age for market participation(50 years or older) and restriction of operating hours and space of market, etc. have been promoted. Thirdly, market control with economic measures has been tried. As the economic measures, control of currency volume, control over finance, and control over price have been used. Finally, ideological indoctrination can be

\textsuperscript{41} Based on the witness, which was obtained upon my request to government authorities, of about 150 refugees, the variable having the largest effect on the value and life style of residents was 'Market' and 'Information.' And these two were under mutually-complementary relationship. Invigoration of market brings invigoration of information circulation, which in turn contributes to invigoration of market.

\textsuperscript{42} This not only includes the North Korea's past assertion that political stimulus has superiority over material superiority but also embraces changes in logics saying that material stimulus can bring political stimulus. Lee, Ki-ban, 'Accurate Realization of the Socialist Principle of Distribution: Important Demand for Completion of Economic Improvement,' Economic Research, 2003-2nd
named. Indoctrination of ideology and life under the organization are expected to be emphasized together with the process of leadership succession.

<table>
<thead>
<tr>
<th>Type of the Control</th>
<th>Details of the Control</th>
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<tbody>
<tr>
<td>Acceptance of Changes and Incorporation into Regime</td>
<td>Partial introduction of a market</td>
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<tr>
<td></td>
<td>Strengthened material motivation</td>
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<td></td>
<td>Partial autonomy of residence and movement</td>
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<tr>
<td>Material Control</td>
<td>Stricter bust on market</td>
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<td></td>
<td>Blocking of inflow of external information</td>
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<td></td>
<td>Crackdown on non-socialist phenomenon</td>
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<tr>
<td>Economic Control</td>
<td>Control of currency volum</td>
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<td></td>
<td>Control over finance</td>
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<td></td>
<td>Control over price</td>
</tr>
<tr>
<td>Ideological Control</td>
<td>Strengthening in ideological indoctrination</td>
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<tr>
<td></td>
<td>Strengthening in organization activities</td>
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<tr>
<td></td>
<td>Emphasis on labor activities(Control over labor)</td>
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</tbody>
</table>

As such, it is deemed that North Korea's control has become strengthened since 2005. In the past, the state's control was focused on physical control such as using the rationing system, equal salary, provision of welfare service by the state, etc., but the state's changed control showed characteristics that physical and ideological controls were used, and changes were adopted in part, also these changes were incorporated into the regime. In the future, control over the ideology is expected to become stricter, because return of labor force to the field is emergently required along with needs in accordance with the leadership succession structure in the standpoint of North Korea which is aimed to grow into a strong and powerful country in 2012. In order to make labor force return to the field, control over labor and organization life are to be premised, and the social welfare service provided by the state should be raised to a certain level. To to this, resources flowing into a market should be stopped, and normal distribution of salary, and enhancement of supply should be achieved. It is doubtful whether North Korea can achieve this successfully. To achieve this, supply should be normalized eventually.

4. Evaluation on North Korea's Economic and Social Changes

It is clearly shown that North Korea has experienced many changes since 1990s.
These changes including changes in structure, system, recognition, etc., have been promoted for 20 or more years. As observed in the changes of general socialist states, North Korea's earlier changes could be defined as 'Changes for survival.' Especially, the 'Arduous March' in 1990s began from inhabitants' severe crisis of survival together with weakened control of the state, and thereby changes were naturally occurred. Amid these changes, values of North Koreans also have been changed. The characteristics of economic and social changes of North Korea are as shown below.

Firstly, as same as general socialist states, these changes began from physical production capacity endangered. The crisis of production capacity soon brought crisis of existence, and also weakened the state's physical control. Accordingly, extensive scope of deviation was occurred and social confusion was increased. As a result, creation and increase of private network was occurred attributable to weakened ideological indoctrination, weakened organization life, and extension of freedom of movement. The general feature that economic crisis - production crisis forced changes in other areas is appearing in North Korea as well.

Secondly, the state's abilities to accept such changes have been enhanced and incorporation of changes into the regime has also been occurred. '7.1 Policy' in 2002 was the result of 'Acceptance from top' of 'Changes from the bottom.' Such acceptance meant that the state didn't completely lose control over changes. In other words, while the state passively reflected 'Pressure from the bottom', the state also actively accepted changes in an effort to incorporate them into regime.

Thirdly, the areas of changes mainly covered economy and social & cultural areas, and the political changes were minimized. It is clear that changes were made at a level of microscopic discourse, but it couldn't reach macroscopic discourse. Also, notwithstanding changes in values and recognition of North Koreans, this has not expressed political behaviors, which implies that the current changes of North Korea have been developed by fragments in an individual manner.

Fourthly, the changes are seemed to shift from the earlier 'Changes for survival' to 'Changes for enhancement of quality of life.' These changes exhibited not only cultural consumption including fashion, trend, and music but also showed demands for economic and cultural consumption through 'Drawing the line'(Distinction) with neighbors. Such changes are deemed to be the phenomenon to find out an outlet through acculturation not political changes.

One of the reasons why changes of North Korea have not been extended to political field was the state's strong control. But more influential reason was that production

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44 Economic cause is the largest one out of the causes of escape from North Korea, but there are other various reasons. That is, most of the escape is for survival, but in many cases, such escape is purposed to 'Earn more money.'
and re-production of macroscopic discourse - alternative discourse that can bring political changes have not been made. That is, one of the core variables of changes in the socialist states was that changes in microscopic discourse was combined with intellectuals and elites and alternative discourse was made and realized. In case of North Korea, however, alternative discourse was not made in spite of dissatisfaction against the regime, nor combination with intellectuals-elites was failed. In other words, dissatisfaction toward the regime and demands for changes have been concentrated at an individual level or on participation in market activities, but they could not develop into demands for changes in political system. Although, there may exist elites who prefer or promote reformation or market opening in the way as China does, it can be said that they have been controlled effectively by current regime.45

In the past, dissatisfactions and demands for changes were extended and reproduced through competition over discourse, over organization capacity, and over leadership in the socialist countries of the Soviet Union and eastern Europe where the state's control and involvement of external world were played a crucial role. Current changes of North Korea have not exhibited clear changes that can retool current regime. The level of current changes is the changes within the structure of the regime, and it is likely that the state can control the changes. Of course, possibility of change of North Korea is not denied. These changes were made not only by compulsory coercion from the bottom, but also through 'Acceptance from top' of 'Changes from the bottom.' Also, 'Changes from top' can cause gross and unexpected changes. As shown in the Hungary where market was introduced and experiments on socialism in accordance with 'New Economic Mechanism(NEM)' finally caused fundamental changes in the regime,46 changes through competition are not only tools to bring political changes. However, it is true that the changes of North Korea until now show less possibility to shift 'Changes from top' into direction of reformation and change as Hungary.

5. Conclusion: Changes and Outlook

Until now, changes in North Korea have been made with two core variables - 'Market' and 'Information.' Different from economic and social changes, however, political changes were 'Minimized', and their further changes in politics are not highly likely. The elites who can systemize economic and social changes, make them into

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45 There is competition or conflict among elites in North Korea. It is true that there was controversy over economic policy during the last 1980s and early 1990s period, and the dispute surrounding practical interest toward economy in the midst of dismissal of the premier Park, Bong-ju in the past. However, this controversy or competition has not been extended to competition over power. Especially, after the 'Military-first Politics' was implemented and 'Economic development policy in the Military-First Era' was declared, it is deemed that controversy over economic policy stays within this scope.

46 As for the example of Hungary, refer to Park, Yeong-shin, 「Reform Movement of Eastern Europe」(Seoul: Jipmundang, 1993); Jeong, Heung-mo, 「Study into Eastern Europe during the Transitional Period: From 1989 Revolution to the State System Transition」(Seoul: Oreum, 2001)
social discourse are not sufficient, and dissatisfaction and the demands for changes have been fragmented. Many kinds of changes have been observed in various areas such as politics, economy, and socio-cultural areas, but changes toward the other regime have been restrained or lied hidden. Also, the righteousness of the present regime has been recognized. Although there are a host of non-socialist phenomenon such as corruption of executives and officers, their transactions and compromise with inhabitants, the challenge against the foundation of the regime has not been exhibited.

In the future, changes as the present will be expected to continue. Notwithstanding strengthened control over a market, to restore the market itself is deemed impossible in a short period of time. And the pragmatism also will be emphasized. However, what direction and which speed such changes will take will be decided by the degree of recovery of production capacity. That is, the state's supply abilities is said to be directly connected with the control abilities. North Korea's efforts to build a strong and powerful country in 2012 can face two ways - change and control. Hence, North Korea is expected to beef up the internal mobilizing regime\(^\text{47}\) and strengthen control accordingly. Recent leadership succession structure also is the main cause to strengthen the mobilizing regime and control.

When we recognize that composition of external environment of North Korea in a favorable manner was positive factors causing internal changes, to extend the eligible scope of changes of North Korea should be direction of policy. As recognized by the GAO(Government Accountability Office) of the US, a blockade policy of the US only raised the weariness of the counterpart countries and failed to ignite political and economic effect. Likewise, the most effective and available way to fuel changes of North Korea is to make adequate environment, to avoid fear for changes, and to have a conversation that better society can be established.

\(^{47}\) North Korea already conducted the 200-day combat and 100-day combat, which is deemed to have a purpose to beef up the military-conscription regime.