North Korea’s current political and economic system is unsustainable. Its experiment with market forces in 2002 ironically unleashed social behavior that threatens to weaken the government’s control.

South Korean scholar Chung Young Chul examines the history of those changes and prospects for further transformation in North Korea.

IN THE 1990s North Korea teetered on the edge of a cliff. Internationally, it was isolated by the collapse of the socialist bloc and confronted by the United States over the nuclear issue. Domestically, it faced political instability following the death of Kim Il-sung and economic confusion caused by natural disasters and failed state planning. Socially, defections to South Korea rose due to weakening state controls and the erosion of party authority. North Korea was in an all-out crisis. Social order based on the collectivist system slackened, and un-socialist values and threats to the regime such as black markets proliferated.

Facing difficulties from within and without, the North Korean regime sought to overcome the crisis through the “Arduous March.” Beginning in 1998 it promoted “military-first politics” (Songun) to strengthen the military’s role and also pursued social cohesion through traditional methods like ideological education and coercion. But maintaining order in this manner could not be a fundamental solution because the underlying reason for the slackening of social order was what the regime called the “livelihood problem” of the North Korean people.

International isolation and confrontation with the US notwithstanding, North Korea’s crisis was an outgrowth of its domestic system. The political crisis arose from the death of Kim Il-sung and the resulting political instability. A number of party elites defected or sought exile, including Hwang Jang Yop, former secretary of the Workers’ Party, while others were purged. During the Arduous March, Seo Kwan Hee, secretary of agriculture,
and Lee Bong Won, vice chairman of the General Political Bureau of the People’s Army, disappeared from public view. As the party no longer functioned effectively, Kim Jong-il himself cursed it with language calling it “a party of old men” and “a party of corpses.”¹

The Workers’ Party indeed failed to adequately deal with the crisis. Party unrest led to a relaxation of control. Normal monitoring of life broke down in the party cells, people’s organizations and neighborhood units, and more people skipped political study sessions. Meanwhile, the economic crisis exacerbated the political crisis. While the failure of the Third 7-Year Plan (1987-1993), the collapse of the socialist market, American economic sanctions and natural disasters all played a role in North Korea’s economic crisis, the main culprit was the accumulated ineffectiveness of the socialist economy. North Korea experienced negative growth throughout the 1990s, and its economy shrank to less than half of its 1989 size.

The economic crisis led in turn to a serious social crisis. The public distribution system underpinning social order disintegrated. People had to journey from their homes to secure food for survival. Factory and office workers left their work stations, and control at the level of production eroded. The growing mobility of the people led to weakened state controls and party authority, which then led to doubts about the legitimacy of the system. The people had to stay alive on their own, without the paternalistic protection of the state.

Illegal activities like obtaining food by crossing the Chinese border increased, and black market exchanges expanded. Party participation dropped, and failure to report for work at factories or businesses became common. The state’s inability to materially provide for the people meant a loss of social controls. Internal debates on economic policy surfaced. The core question was whether to pursue Chinese-style reform and opening or to stick to autarkic self-sufficiency.

North Korea’s crisis in the 1990s was one of social cohesion and the legitimacy of socialism. The Arduous March aptly symbolizes North Korea’s predicament in the 1990s and was the method chosen by the regime to address the overwhelming crisis facing the system. Its strategy was to acknowledge the difficulties and call on the party, the army and the people to share the burden. Rooted in Kim Il-sung’s anti-Japanese guerrilla struggle, the Arduous March demanded extraordinary austerity, fortitude and sacrifice.²

The three years of the Arduous March, 1995-1997, allowed North Korea to dodge the imminent threat of collapse. But this did not restore social order. Although the political crisis had been averted, the spread of un-socialist phenomena continued because the people’s struggle for survival continued.

Promulgation of the new Kim Il-sung Constitution and a new power structure centered on the National Defense Commission marked a transition to a Kim Jong-il-centered political system in 1998. The most pressing task was to restore social order. Relying on brute force alone was no longer feasible. A fundamental solution to the “livelihood problem” was required. At last, on July 1, 2002, the New Economic Management Improvement Policy, also known as the “7.1 Policy,” was announced.³ In effect, the 7.1 Policy institutionalized from above the changes already coming from below as a result of the Arduous March. Economically, the new measure exemplified North Korean reform and opening, while socially it sought to bolster a nation in disarray and to meet the economic demands of the people by incorporating material incentives.

SOCIAL DEVIATION AND INDIVIDUALISM

The 7.1 Policy was a departure from North Korea’s traditional methods. In a situation where social deviation was already rampant, the regime chose

¹ Kim Jong-il, “Urineun Jigeum Singnyang ttaemune Mujeongbu Sangtaega Doego Issda (We are now Becoming Anarchy Because of Food),” Kim Jong-il’s speech in December 1996, commemorating the 50th anniversary of the founding of Kim Il Sung University, cited by Wolgan Chosun (April, 1997), p.316.

² The Arduous March derives from Kim Il-sung and his band of anti-Japanese guerrillas’ 100-day march to flee Japanese punitive expeditions in Manchuria in late 1938 and early 1939.

to absorb changes to the system rather than wield oppressive means. But the 7.1 Policy fueled social deviation and fanned individualism. The introduction of profit-seeking management led to the spread of a profit motive and aggravated class conflict by widening the income gap between individuals and between factories. Legalizing markets, of course, led to an expansion of market activities and social change that posed a threat to the collectivist order of North Korean society.

Social deviation arising from the Arduous March and the 2002 market reforms may be divided into four categories. First, ideological uncertainty weakened organizational life as values shifted from collectivism and patriotism to individualism and materialism. This materialistic viewpoint arose from the struggle for survival necessitated by the economic crisis and naturally frayed ideological controls and weakened organizational life. As stated earlier, survival forced people to become mobile and inevitably made participation in organized life difficult. Such phenomena were widespread in all regions except a few big cities. Weakening state controls and materialistic values not only undermined party authority but also reduced party membership. The profit motive made earning money a greater priority than joining the Workers’ Party. Even joining the party became a way to seek profit rather than prestige, as in the past. Materialistic values also brought a shift in occupational preference. More people wanted jobs in the commerce, trade and service industries rather than in the party or government.

Second, shifting values and weakening organizational controls led to a proliferation of un-socialist phenomena. In particular, the expansion of markets and commerce led to an increase in crime, bureaucratic corruption and bribery. Stealing factory supplies and trafficking in machine parts were common in the 1990s and continue today despite subsiding somewhat in the 2000s. In the countryside, fertilizer destined for cooperative farms is frequently appropriated for private kitchen gardens. State supplies are sold on the market for profit. Kim Jong-il’s recent comment that “markets are becoming a breeding ground of anti-socialism” points to the side effects of market legalization. These shifting values and un-socialist phenomena not only facilitate illegal activities but also transform traditional ethics and create a generation gap. Non-governmental organizations active along the Chinese border and the circulation of South Korean and other foreign music, videos and books are playing a significant role in this regard.

Youth Vanguard, the newspaper of the youth league, emphasizes blocking liberal thought from entering the country as a form of public morality. It reveals indirectly the changes in spirit and ethics being wrought by the infiltration of new trends.

Third, the 7.1 Policy loosened social cohesion and aggravated class conflict. Individual income gaps appeared as a result of disparities in opportunities for market participation and the uneven operation of factories and businesses. Some people amassed wealth through markets, producing socioeconomic inequality. Workers at profitable factories received regular salaries, while others had trouble making ends meet. The number of

North Korea has overcome to a degree the crisis of the 1990s. Social cohesion is more robust compared to that period. But the shifting values and changes in daily life wrought by markets are probably irreversible.
pants, smuggling in border areas and diverting aid materials to the market. According to defector testimony, corruption of mid-level officials has been ongoing since the 1990s and suggests that officials are amassing wealth by wielding political power.

Social deviation and individualism in North Korean society are ultimately rooted in the state’s declining ability to provide for the people. As a result, unless the state repairs that ability, this will continue. In the end, this could erode the North Korean system from within. So far, such phenomena have not reached the level of a political crisis because at the moment they remain not “political deviations” but “livelihood deviations” for the sake of survival. Also, at least for now, North Korea’s control and surveillance mechanisms, while less robust than in the past, still suppress spillover into the political realm. As can be seen in the 7.1 Policy, the regime has exercised state power to institutionalize from above the changes from below. This seems to be effectively absorbing dissatisfaction and instability. Despite all this, if the spread of individualism and the information inflow and ideological infiltration along the Chinese border continue, the regime cannot be at ease. It is no coincidence that the regime has recently stepped up ideological education. The key to this effort is more closely monitoring the markets.

strengthening control: between theory and reality

Ordinarily, control in North Korea takes three forms — ideological control through the party structure, legal-physical control through the state apparatus and material control through the distribution of resources. As in any society, ideological control based on voluntary consent exists side by side with coercive control based on physical power, surveillance and punishment. But in the 1990s one axis, material control, van-

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**Defectors on the rise**

Source: [www.unikorea.go.kr](http://www.unikorea.go.kr)

<table>
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The number of defectors to South Korea began to rise in the mid-1990s during the height of North Korea’s famine, and their total as of the end of 2008 stands at over 15,000. The majority of the defectors are from Hamgyong Province, and women have outnumbered men since 2002. The motive for defection usually involves economic hardship. Most enter South Korea via China or Southeast Asia.

The vast majority of defectors who have settled in South Korea are from Hamgyong Province, accounting for over 70 percent. The region’s border with China and vulnerability to economic hardship and famine appear to be reasons for the prevalence of defectors from Hamgyong.
ished. The disintegration of the public distribution system impaired the state’s ability to distribute resources. Weakening state power led to an inability to materially provide for the people. As a result, the regime could only watch as mobility grew, un-socialist phenomena proliferated and the traditional collectivist order decayed.

In this situation, the North Korean regime proposed “military-first politics” to preserve the existing socialist order and promoted the idea of a “strong, prosperous great nation” (gangsong daeguk) to put forward a vision for the future and mobilize the people in economic construction. The military’s role expanded — since the mid-1990s, soldiers have been deployed to major construction sites, for example — while its collectivism, discipline and sacrifice were set up as models. At the same time, as key military figures were appointed to important positions in government, their political status surged. Military-first politics had the goal of raising the profile of the military on the one hand and encouraging military-style collectivism throughout society on the other.

While military-first politics was proposed as a political device, the idea of a “strong, prosperous great nation” had the goal of instilling hope for the future in the people and pushing economic construction. North Korea has designated 2012 as the “Year of Opening the Door to a Strong, Prosperous great Nation” and is hard at work on this goal. Promoting economic construction has taken the form of emphasizing the “Chollima Movement” of the 1950s, reminding people of the glory days of North Korea’s economy and escalating mass mobilization. The 2009 New Year’s Co-Editorial stresses more than ever mobilizing the entire population. On May 4, Rodong Shinmun, the newspaper of the Workers’ Party, declared the start of a “150-Day Battle,” also geared toward mass mobilization. The problem is that restoration of social order is a prerequisite for mass mobilization. Workers tied to the markets must be returned to their work stations, ideological cracks emanating from the markets must be shored up and the people must be mobilized in the regime’s preferred direction.

The North Korean regime considers keeping a tight rein on the markets as a key to restoring social order. Measures implemented in 2007 toward this end include banning those younger than 50 from selling on the market, regulating goods that may be sold and constraining the physical space of the market. This was followed by a crackdown on illegal activities, with a special force organized to assist the crackdown. The “5.11 Task Force” and the “10.9 Task Force” were organized specifically to get tough on un-socialist phenomena. While these teams existed in the 1990s, the sphere and intensity of their activities have grown.

But for these measures to be successful, the state’s ability to provide for the people must be normalized because challenges to the social or-

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5 The idea of a “strong, prosperous great nation” first appeared in an August 22, 1998 editorial in the Rodong Shinmun. The idea encompasses ideological, military and economic strength. North Korea contends that ideological and military strength have been achieved and that only the task of building an economically strong nation remains.
Despite a relaxation of organizational life, the command of the party and state remains largely unchanged. While social deviation and individualism are clearly spreading, they are not leading to a loss of social control.

der arise from irregular public distribution. To return workers to factories, production must be normalized, and to curtail market participation, rationing must be normalized. The profit motive and materialistic values that have seeped into daily life cannot be combated without economic enticements. The North Korean regime is indeed relying on economic enticements to absorb changes to the system in addition to traditional methods like ideological education and coercive controls. Control is evolving in a new direction, as merit-based incomes, greater autonomy at factories and individual intellectual property and patent rights are being permitted.

Nevertheles, it will be difficult for North Korea to bridge the gap between theory and reality. While the legitimacy of Urisik Socialism, or “socialism of our own style,” is asserted in theory, the economic foundation to support it remains fragile. As a result, the people have no choice but to continue their struggle for survival despite strengthening state controls. The gap between theory and reality is causing people to agree with the national policy in words but depart from that policy in action.

But there are few signs that the North Korean regime is losing its grip. Despite a relaxation of organizational life, the command of the party and state remains largely unchanged. While social deviation and individualism are clearly spreading, they are not leading to a loss of social control. Despite internal cracks, the control and surveillance mechanisms still function adequately. The propaganda of the regime also remains effective, with the strategy of institutionalizing from above the changes from below serving to temper discontent. But the changes in North Korean society brought on by disruptions in the public distribution of goods still have the potential to inflict serious cracks in the system. The 2007 measures are an effort to more closely manage these changes and their potential to undermine the system. Whether they succeed will depend on how they bridge the gap between theory and reality.

PROSPECTS FOR CHANGE

Ultimately, the key to social change in North Korea is the growth of individualism caused by the economic crisis. It has weakened organizational life and altered values while triggering an increase in crime, bureaucratic corruption and moral wavering. A widening income gap between the rich and the poor is fraying class solidarity and fostering a sense of otherness. The greatest factor behind such phenomena is the expansion of markets. Markets are already a part of daily life for many North Koreans, and market activities will continue as long as public distribution
does not improve. In response, the North Korean regime is regulating the markets, and stepping up ideological education and control. But for these measures to be successful, public distribution must be normalized first and foremost.

It is difficult to claim, however, that individualism is replacing collectivism. Despite social change, the North Korean regime has endured. Ideological legitimacy and coercive controls are working side by side to maintain unity in responding to the crisis, while economic egalitarianism, the long history of the collectivist system, an anti-American ideology and restricted exchanges with the outside world also help to contain the crisis. In these conditions, the recent individualism cannot easily displace the collectivist order built over 60 years.

Nevertheless, in light of the experiences of the former Soviet Union and Eastern Europe, and the paths taken by China and Vietnam, North Korea has no choice but to face the changes wrought by markets and exchanges with the outside world. If the 1990s saw “forced changes” arising from the struggle for survival, the issue today is how effectively the state can manage these changes. North Korea is adopting limited reforms, such as business decentralization and autonomy, and the introduction of markets, through the 7.1 Policy. What further reforms will be adopted remains to be seen. But in order to undertake economic construction to fulfill the slogan of building a strong, prosperous great nation by 2012, North Korea will have to step up exchanges with the outside world and embrace foreign resources, capital and technology. This will reinforce the current reforms and stimulate further interest in individualism and materialistic values; and changes to the system will be inevitable.

Still, North Korea to a degree has overcome the crisis of the 1990s. Social cohesion is more robust compared to that period. But the shifting values and changes in daily life wrought by markets are probably irreversible. If North Korea adopts further economic reforms, social change will deepen in the manner seen in China and Vietnam and act as a fundamental force for transforming the system.

From the perspective of inter-Korean relations and formulating North Korea policy, we may reach two conclusions. First, isolating North Korea by force and taking a hard-line approach will suppress changes and strengthen state control. Second, expanding exchanges and cooperation at multiple levels will induce North Korea to change. In this sense, diverse exchanges and cooperation between the two Koreas aimed at supplying the conditions needed for North Korea to live within the international economy will provide the momentum for change.

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