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TURNING BACK THE CLOCK: ATTEMPTS TO RECLAIM CONTROL IN NORTH KOREA AFTER 2004

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PROCEEDINGS

RICHARD BUSH: Thank you all for coming here today. It's a great pleasure for us to collaborate with the US-Korea Institute at SAIS on this important program and a pleasure to host Dr. Lankov. You have no need to listen anymore to me, so I would like to invite Don Oberdorfer to come up and introduce our speaker.

DON OBERDORFER: Thank you, Richard and we at SAIS are very happy to cosponsor with Brookings this event. We're particularly happy to have a distinguished historian and person who counts a lot in the study of Korean matters, Dr. Andrew Lankov, for discussion today of North Korea. He's a historian, as many of you know, and currently an associate professor at Kukmin University in Seoul. He attended Kim Il-Sung University in Pyongyang of all places and is the author of many books on North Korea. Among his most recent articles is an article for *Foreign Affairs* in its March-April 2000 edition, "Staying alive – Why North Korea will not Change." Having said that, today he's going to be discussing the changes that have taken place in North Korea since the decade of Kim Il-Sung's death. He will also provide an in-depth look at how the government in North Korea has been trying to establish – or re-establish really its control over government and society in North Korea. After the presentation and the question and answer period there will be a reception in the next room over there to which you all are invited. So, please join me now in welcoming Dr. Andrei Lankov.

ANDREI LANKOV: Well, first of all I would like to express my gratitude to Johns Hopkins University and to the Brookings Institution for sponsoring this event – for sponsoring my trip here and for sponsoring this presentation.

And then – well, it's probably time to begin? And we'll begin probably from how North Korea used to look for a few decades from maybe the late fifties to the early nineties, because I would say that Kim Il-Sung in many regards was more Stalinist than Stalin himself. He made his country into something Comrade Stalin probably dreamt of in his nights – sleepless nights but knew that it was impossible in such large and sparsely populated country as Russia.

Actually, Kim Il-Sung's North Korea which existed since the early sixties and until the late eighties was a peculiar society which I believe will always be of great interest to the historians in the future. It was the society of perfect Stalinism. It was the society where economy was almost completely – not completely, but almost completely controlled by the state where there were even no private plots in the countryside so common in Stalin's Russia and existent to certain extent even in Mao's China. There was no trade in North Korea. Quite recently, when talking to a defector we tried to figure out which items could be sold in Pyongyang in the mid eighties when I studied there. Looks like stationary, books, some kind of chips it's all – it's all everything else was distributed. Everything else rations. There were all rations. Every adult Korean was reachable to seven hundred grams of grain -- actually, 539 grams because a certain number was sort of deducted. It was the donation – patriotic donation to improve the basically of because

imperialists were around blah blah blah. So, they had a grade of grade – actually nine grades of rations from 900 grams people employed in physical labor to one hundred grams to the infants. It was from December 1957, it was illegal to sell – to sell grain privately. And this ban was generally enforced until the late eighties. So, everything was distributed. You needed wrist watch. It's a luxury item. It's a status symbol in Korea of the sixties and eighties. Well, a waiting list in your place of employment and maybe three years or four years time you would be issued a coupon and you could go and buy wrist watch. I said grain. Because many people say, "Oh, poor Koreans -- they were eating rice and nothing else." No, they were not eating rice under Kim Il-Sung. They were just eating unlike the Kim Jong-Il era, but they were not eating rice because rice was a luxury food. Only in Pyongyang most of the rations was delivered in rice plus elite. When the government set 700 gram rations -- actually 540 grams roughly -- yes, it meant that a certain part of the ration was delivered in rice, but roughly fifty to seventy percent roughly in corn and sometimes barley and beet and noodles and everything but rice. Rice is a food of the rich people and the affluent people.

We had a degree of the total control of the control of the everyday life which would be unthinkable again in Stalin's Russia. We had a country where every adult was expected to spend one to two hours a day on indoctrination sessions. Everyday. Every single day begin from roughly half an hour people came to their work and before they began real work they were -- they had to listen to editorials from *Nodong Sinmun* or some other kind of uplifting spiritual text. So, on the average -- well, on the second half of Saturday was largely devoted from the seventies to self-criticism sessions when people every single one was expected to sort of confess about his mistakes and short comings and sins over the previous week in the presence of his peers. So, we had these types of things plus information blockade. In North Korea, since at least the late fifties, one needed a special decision -- a special permission of the authorities to travel outside his native county. Most of the Koreans -- of the North Koreans have never been in Pyongyang, because Pyongyang is essentially off limits for nonessential personal travel for most cases. There are exceptions, but not that many. If you have an auntie living in another county or in another province you have to go first to your work supervisor -- to police to receive permission and there are different types of permission. Say, red line permission which are valid only for trips to Pyongyang -- very difficult to get. Blue line permission which are a way for green line to borderline areas which are a bit easier to get, but are still quite difficult. Plus, it was illegal to have a radio set with free tuning at home. It was a crime if you had just a radio set at home. All homes were subjected to periodic searches. A few times a year after midnight police came -- they still come -- it's still happening now -- to your house. No special warrant. Nothing -- just a random check and the check a lot of things -- basically two things: who is sleeping in your house? Because, if somebody is stays overnight -- even visiting his native city or a native county -- he or she should register with the local low level officials. Yes, yes, yes, yes, so they usually catch a large number of unlucky lovers or whoever it happens. Now it is sort of a laughing matter because you can bribe your -- as I will tell -- your way out of trouble, but until now it was impossible. Plus, they would be checking radio sets. Almost no exchanges with the outside world. In the entire history of fraternal relations with the Soviet Union about -- only about 2,000 North Koreans graduated from the Soviet Union

universities. Only about 2,000. Right now, some 150,000 South Korean students are studying overseas – largely in the United States and Germany. Publications – all foreign publications without exceptions were sent to the special departments of the libraries where you need special security clearance to read them. So, as I have said, Stalinist Paradise.

There was a problem with this paradise, however. It was economically very inefficient partially because economy – the Stalinist economy was never famous for efficiency, but in this case the economy was very much militarized. Initially, because they still dreamt of a military reunification of the country – later, because they worried about the growing military superiority of the South Korea – of the South. The result was a low economic efficiency and aid dependency. It was a sort of paradox, because North Koreans were very loud in their – when they were proclaiming their economic self-reliance. Actually, they were among the most aid-dependent countries in the world and it was clearly demonstrated in the early nineties when Soviet Union withdrew its aid and China automatically reduced the amount of the support provided to North Korea. The result was a disaster. Essentially, near entire economy of the country came to a standstill. The state run economy does not exist – it ceased to exist in '94-'95. There are different estimates, because everything we think we know about North Korea should not be trusted. We should never trust ourselves when it comes to economic statistics of North Korea, but sort of – we can basically say industrial output decreased – essentially halved in the late nineties. There are estimates that something like 80 percent – they say 78 but I don't like this kind of precise figures because there is nothing precise about North Korean economic statistics, but there are roughly 80 – let's say 80 percent of the average individual income in the late nineties and early two thousands are generated in the private economy. You can say, "Which private economy is he talking about in a Stalinist society?" the problem was that in '95-'96 when famine began – we should mention the famine, the most important thing. Famine began basically from '94-'95 roughly. Rations ceased to be issued. People still had rationing coupons, but they became worthless pieces of paper. People came and they were not issued anything eatable. Delays first. Then reduced amount. Then nothing – and if we're talking about society roughly forty years – fifty years everything had been rationed. Rationing is the way of thinking in North Korea.

My favorite story is about a North Korean lady interviewed by a South Korean gentleman whose name many of you probably know – Park Seong-je. He told me this story. The story is that an old lady who defected – who crossed the border in around '98-'99 to China was interviewed after a few days in China and she told the South Korean gentleman that now she knows that Americans are rich – because the official line is that America is still a country where people are starving in the streets. And she said, "I know – I know that America is rich." And then she was asked, "Well, what does it mean?" She said, "In America everybody – even infants – are issued 800 gram rations consisting of pure rice." So, for that lady rationing is the only way how things work. She could not imagine that you could pay money to buy something. No, no, that's not how it's done. So, in rich country even infants eat 800 grams of pure rice. It is very high – it's something North Korean high officials are eating and she had no clue what the high ranking officials ate, but – so, we had famine. I don't know how many people died –

probably it will remain the question of discussion forever. I sort of stick to the lower estimate – a more conservative estimate between 16 hundred and 9 hundred thousand. There are high estimates which I believe to be exaggerated. There is an almost kind of admitted North Korean – sort of Korean estimate of a quarter million. Anyway, it was the worst humanitarian disaster in history of East Asia since the Great Leap Forward. Well, how did society react? In the most natural way people waited for rations. There was a bit who trust – trusted the government a bit too much simply starved to death. Most other people began to look for ways to survive and essentially we can say that not around '95-'96 North Koreans rediscovered capitalism. There was an explosive growth of markets. Markets kept – always existed even under Kim Il-Sung, but they were much restricted. They grow up. They took large areas of the North Korean cities and by the mid-nineties – late-nineties pretty much everybody was somehow involved with market activities – and it was not just sale – of course you have to have something to sell – so, the growth of gass root production. People began to bribe their cooperative farms managers to grow stuff privately. In some cases – I will tell a little bit later the government made some relaxations and allowed a certain amount of private land as well to be cultivated. There was a great deal of smuggling of which there will be a bit more later. So, we had the growth of markets and we had not just markets, but all kind of capitalist structure emerging around '95-'96. We had essentially private banks you could borrow – you can borrow money from lone sharks – very expensive, but it works. You can – there are private cars – private trucks with strange names of which I've – which obviously comes from English through Japanese maybe Sobeecee service – sobicha which is a truck which is officially registered as government owned, but it is essentially a private truck. So, because businessmen began to bribe low level officials – so, they made a joint venture with the Chinese, but this Chinese side was just the second uncle living in China. They had a truck. They had to pay allot of money – it depends on how you register. The most expensive place to register is the military. It will cost you something like \$300 every month. Security services i.e. police are a bit cheaper and civilians even cheaper, but – anyway, you pay this bribe regularly and you earn allot of money you are very rich. Even private bathhouses are the same scenario – private inns, private everything. Plus, smuggling – smuggling to China, because the border with China has never been controlled enough. I'd say in the seventies, China was living – was basically a country which was even poorer than South Korea and very few people were insane enough to escape from Kim Il-Sung's Korea to Mao's China, but some did. They were caught and sent back and put in prison for many years – at least five years even if it was, you know, some little thing. It was not the case. We had a large and growing population of the North Korean refugees living in China. Most of them were farmers that escaped from their famine stricken villages. Chinese basically – contrary to what many newspapers say – generally turned a blind eye to their presence. Even though, there were some campaigns and crackdowns and – North Koreans did not try to control the border partially because it was technically very difficult and expensive and they had no money to pay enforcers. Partially because such migration was seen as a safety walk, because people who were the most active and potential dangerous, but – the question is “changes or reforms?”

Maybe my article which was just mentioned should be called, “Why North Korea will Never Reform Itself,” because, as you've seen, we've seen a dramatic

transformation in Korea, but it was not reforms – it was not like China. The reforms did not start from above. It happened – it was spontaneous growth of capitalism. The government never approved it. The government tolerated it on some cases simply could not enforce all regulations, because – because they had no money to pay a small army of the enforcers. Low level officials were not getting paid really and there was no need – in the nineties they had no reason to strike really hard. Imagine, you are a police person – you are a policeman. You are – it's called Sumunanbowon – that is you are in which is go from Pyongyang. There should be two policemen on every train. You are such a policeman. You see a lady – this is a real example from a real life story – a lady with a sock full of counterfeited American cigarettes made in China. She's moving it to sell in Pyongyang. She tells you that she will give you 500 yuan – I'm sorry won, won, won which – I'm talking about in '96-'97 is something like five times your salary – maybe four times your salary. Would you arrest the poor lady? Good question. If you arrest her you will probably – you will probably get a dozen ladies like her – you'll probably get a promotion – well, and probably your salary will increase from 100 to 120 won and now you're getting 500. It's very easy – a no-brainer I would say. So, this is what was happening. Corruption – it will remain a big question to which extent this relaxation is the result of a deliberate decision of the government – to which extent it was simply control simply slipping away from the government. I believe that both things were happening. It was partially spontaneous – partially a decision not to start reforms – no, but to turn a blind eye to changes. Look, the big question the proportions -- we will now get access to all top secret classified documents in North Korean archives maybe 50 years later – maybe a hundred years later, but – still there will come crackdowns. In 2002 – well, if you open newspapers in 2002, you will see such wonderful – wonderful, you know, blah, blah, blah, blah – trying to, no – I don't usually use PowerPoint much, so I'm not really experienced. You will see there are wonderful stories. These wonderful choice – Stalinist North Korea really lets markets emerge. Ha, ha, ha. Markets have always existed in Stalinist North Korea. Signs that North Korea is coming to the market. Wonderful.

North Korea experiments with China as its model. It's something you could see in 2004 and in 2003 and so on. Why? On the first of July, they began a policy of reforms, but they never described it as reform. Officially, it was always described as “management improvement of the cheva” – never as reforms. If you say reforms it is dangerous. It implies that there's this system is not perfect. Everyone knows that everything created by the Dear Leader and his son, the General, is perfect and if you doubt it you know where you should be. So nobody doubts, but these measures essentially consisted of three major policies. One was indeed increase of the market freedom of which there will be a bit more later. Second was an increase in the freedom given to factory management which was indeed important. It was the only thing which I would describe as reforms, because, indeed, it was something the government initiated. They did tell the managers that from now on you can lay off workers, you can hire workers, you can fire workers, you can increase salaries of workers you consider productive enough. It's new. And the third was the increase in prices and wages, because they increased – basically they approximated prices to the then market price and they increased wages which were – when, say, prices were from eight cheon which means

0.08 won to 44 won -- something like 500 times it increased in percentage. How many percent increase -- something like that. Yes, and salaries increased to a somewhat lesser extent of course, but it did not really matter, because probably they hoped to approximate prices, but very soon this new amount of cash which went to the market led to a short-lived inflation. They managed to stabilize the market and the currency which is important, but actually -- well, we'll have a bit more later. However, I would say that the most trumpeted part of the July 1st measures -- that is -- changes in the market were the least significant, because I spent last year talking to former black market dealers. Allot of them. None of them has ever told me that "Well, we couldn't do it before the reforms, but we began to do it after the reforms." They always say -- many of them said actually -- virtually all of them said, "I did not notice reforms." In one case such a remark -- most of the people at the market simply had no idea about reforms, because if you imagine about the reforms began from large lead -- no, nothing like that. The first mentioned in September 2002 July reforms were mentioned in September and people in the market simply did not notice it, because they kept doing what they were doing and kept bribing people they used to bribe before. I would describe this change as a belated admission of the changes which had happened anyway against the government view and could not be controlled and the understood that it could not be controlled, so they had to make a belated admission. Anyway, it was a sign of some softness. Some softness. However, it did not last for long, because beginning from 2004 -- 2005 we began to see new changes which I would describe as counter reforms. Most significant was October 2005. I was in Pyongyang just on that day -- that great day. They said that "Now, because we are celebrating the sixtieth anniversary of the glorious Korean Workers Party from on," they said, "everything will go back to normal." It was officially called "Food Supply Normalization Measures" which is as you easily guess was a complete revival of the public distribution system. They said that, "From now on it will become illegal to sell grain on the market and from now on everybody as it used to be in old good times will be given a ration of 700, 500, and so on grams. Then, actually, people were expected to pay for rations, but using the 2002 crisis which was 40 won for one kilo while actual market price at that time was roughly 900 won and now it's somewhere slightly above 2000 won a kilo. So, the price remains purely symbolic. It's still distribution. Initially, many people were skeptical of whether it would work.

By now in 2009 we can say it was partially successful. In most towns and cities they are receiving rations -- sometimes not in full, sometimes with delays, but very similar -- not everywhere, but in most cases. They did not succeed, however, in exterminating private sale of grain, so people are still selling and buying rice and corn and barley privately. It is illegal, but everybody does it, but at least PDS is functioning. Then, in November 2006, they made another step. They banned all males from market activities. They basically said that no male who is considered to be an able bodied is allowed to trade in markets. They said, basically, that men should go where they belong -- that is, to the government run factories. No trade for males. It was not a great deal, however, because males did not trade much anyway. North Korean markets from the very beginning were monopolized by women. If you ask, I can explain later. There are many social mechanisms why it happened. So, the next step was far more significant. In November 2007, they introduced a new ban. All women below the age of fifty were

banned from being engaged in market trade. Then, at the same time – which was a really serious act – people began to look for ways around. There were local riots in some cities and it's only partially enforced. They are still trying to enforce these restrictions. At the same time, we have seen many campaigns against private enterprise. Attempts to introduce official ceilings for some kinds of items. For some reason, they were especially interested in seafood, so they issued orders on how much you should pay for a squid or this type of fish, that type of fish, how many fish a fishmonger – I'm not sure – fishmonger is allowed to sell.

When the market – I'm sorry – border – there was a dramatic increase in strictness of the border control. Actually, yes, it's easy to cross the border even now, but because there are many more border guards beginning from roughly 2006/2005 it's almost impossible to do it without local connections or without paying a bribe. The bribe is not large. It's nearly 500 yuan. That's roughly \$70 - \$75. It's ok if you're a professional smuggler. Smuggling right squid from North Korea and South Korean DVDs are so popular outside Korea – not a great deal for North Korea. Or, if you are North Korean girls to Chinese farmers – not a great deal if you're a trafficker, but if you are just a farmer who wants to get to China – who wants to get some better paid job in China or some money – well, it's a bit too much. So, and – so it began quite efficient and then just a few months ago we had, finally, a market reform which has finally arrived to North Korea. Finally, market reform in this case means an attempted closer of all markets, because they issued an order in early November. According to this order, markets should be allowed to operate only three days a month: on the first, eleventh, and twenty first day of each month. Then, in markets it would become illegal to sell industrial goods. Then, once again, no sale of grain. Actually, it meant that markets would become places where people occasionally meet to sell fish and vegetables – fruits maybe.

So, and it should be effective – the measures should be effective from the 2nd of January 2009, however, it did not work out. We were waiting for news in late December – early January. They made all preparations as late as 21st – 22nd of January. There were meetings in some areas where they explained the new policy and ask everybody to be prepared and to remember about the Dear Leader blah, blah, blah, blah, but on the 2nd of January, nothing happened. On the 3rd of January nothing happened. Markets continued to operate and only around the 10th or 11th of January we got information that they issued another decree which essentially said that “Well, we are not ready yet.” “We will definitely close down the markets – no doubt, but we will do it in half a year.” Whether it's really what they want or whether they really postponing it or is it just a face saving device – it's impossible to know. We'll learn about it in the summer. I strongly suspect and hope, actually – and in this case I believe it's a well-founded hope that it's a face saving device – that they were terrified by the possible social outcome of such a measure, because over the last three years we have seen localized riots in North Korea – not much, very small scale, but all these riots were related to the markets activity. So, people – it was largely women – middle aged women who are engaged in markets who started riots demanding, basically, freedom to make some money. So, in general, the balance sheet is right now – the market closure did not work out. The ban on the sale of

grain is not successful. The public distribution system is working again and it's working pretty well. Younger women trade, but not everywhere.

Everybody's becoming less transparent and right now we can say that – let's say we're talking about the border, I was recently on the Chinese side of the border. We have something like 30 to 40 thousand North Koreans hiding in China. Compared to maybe roughly 200 to 250 thousand ten years ago it's a very significant decrease in numbers which is largely because they – there are two reasons. First of all, the food situation in North Korea improved over the last two years. Second reason is they have greatly reinforced border patrol. So, it became for more risky to cross the border now compared to, say, ten years ago. As a matter of fact, they are talking about North Korean side, because China also undertook some measures, but very, very limited. In my lifetime I've never seen such a badly protected border. You know I have traveled by car something like 200 kilometers – 100 how many 40 to 50 miles along the border. I saw only one armed patrol and the guys were not just looking for something, they were just sitting in the shadow of a tree drinking something – I hope it was water with their submachine guns laying aside. It was the only case when I saw somebody in their uniform and there was some police cars around, but they were looking for somebody who was speeding fortunately for us. We were fined. So on and so on and so on. All these police, but what is important – what we've seen is whether they are successful or not.

Over the last five years, the North Korean government is trying hard to do market reforms in the opposite direction. They are working hard to close down – to limit the scale of market activities, the scale of market economy which had emerged recently. This is the problem. Well, the question is: Why are they doing it? We have seen Chinese reforms. We have seen Vietnamese reforms. They've all succeeded. The Chinese arranged for Kim Jong-Il to come to the Pudong area at least once or maybe twice. He knows how the system works. Top Chinese officials – sorry, top notched Korean officials often go to China – top North Korean officials. Actually, it's a place – well, if you're really on the very top, you'll probably have Switzerland or Paris as your playground, but we are talking about a very small number of people. For people who are seriously privileged, but are not at the very top – China. So, they know how well China is doing. They know how well Vietnam is doing. Why are they not emulating them? The problem is – there is sort of an assumption that the reason is that they are silly sort of – or better, uniformed or under excessive pressure. But the problem is that, actually, if you look at the scale of aid coming to North Korea over the period of the counter-reforms, the scale increased largely because of the Sun Shine Policy of South Korea. They are under less pressure now. They have had fifteen years now to learn about Chinese success. What are they doing? They are doing something that is very, very rational. They are not suicidal and this is the reason why they are not reforming themselves. When people say reforms are the way to save the country, I believe that the opposite is true. Reforms are the way to bring about the collapse of the system. At least what – this is what Kim Jong-Il and his people appear to believe and they're probably correct.

The problem is the major obstacle that makes reforms in North Korean impossible or very risky is the existence of South Korea. I have seen – I'm a seer for

history – I love alternative history -- “what if” history. Well, historians are not supposed to take it seriously, but I do. Don’t tell anybody. So, as an exercise I would say that had South Korea – North Korea not existed, the North Korean government would have adopted reforms before the Chinese and before the Vietnamese did, because Kim Il-Sung compared to Ho Chi-Minh and compared to Mao was very pragmatic minded and practical nationalist who really did not care much about the color of the cat. The problem is probably they would start reforms in the late seventies. The problem is South Korea exists. Why? If you have reforms – if you start reforms – well, in China the Chinese are well aware about American prosperity or Japanese prosperity or even – but they see it as irrelevant to their life. It’s a prosperity of different countries with different histories. In North Korea if people learn about South Korean prosperity, it will be prosperity of the country which speaks the same language of which they are reminded many times every single day belong to the same nation. So, if the difference in per capita income is dependent on whom you believe. If you believe optimists: 1 to 17. If you believe pessimists: 1 to 50. I’m a pessimist. Even if it’s 1 to 17, it’s the greatest difference in per capita income level which has ever existed anywhere in the world between two countries which share a land border. And this – they share not only a land border, but also language, culture, and alleged – how should I say this – membership in the same nation. If you have reforms you have to relax control. Information will start getting in. You can say it’s getting in anyway. Yes, of course. People are expecting, basically, that they know that South Korea is doing very well, because largely of the smuggling of South Korean DVDs and exchanges – unofficial exchanges with China, because South Koreans influence is very large in this part of China where North Koreans go, but what does it mean to be rich?

For the average North Korean it usually means to eat rice everyday – pure rice. You remember – 800 grams for every infant? -- the idea of being rich. So they suspect that North Korea – that South Korea’s rich which means it’s not starving. If they are exposed to a real graphic picture of South Korean prosperity and if they get it through many channels, they will have no doubt that it’s really the case that every family has a car, it will be a disaster. They will ask questions. “Why should we be patient and accept developmental dictatorship like the Chinese do of our – when you reformist leadership consisting of the old -- same old people and their children and be patient and work hard for fifteen years, twenty or thirty years even if we can’t get rid of these old people and young people don’t matter and you join – join South Korean prosperity?” East German effect. And it’s only part of the issue, because if you look at what was happening in Europe and especially in the Soviet Union – or maybe, some parts of the Soviet Union. The communist nomenclature – the communist hierarchies – the communist bureaucrats were not willing to fight – were not willing to fight for communism, because they believe that they would be much better off as entrepreneurial capitalists and democratic politicians. It’s really the case.

In North Korea, the North Korean elite believe that they have no future in the case of unification. They are afraid that in case of regime collapse, they will be unable to stay in control -- and their probably right – and they will publicly be held responsible for their former real or alleged crimes. One of the things people always ask you when you go to North Korea, because you – your minders come from the elite and they ask the

same question. They ask me. They ask people around me. Always. “What has happened to East German officials after reunification?” And this is a good question which means that this scenario is not unthinkable and they worry. Actually, they are terrified I would say. North Korean leadership is a bit like people who are hiding a hungry tiger. They would be very happy to get out, they simply don not know how to get out without being eaten. Therefore, they see that all kinds of reforms are – will likely lead to a relaxation of police control, spread of information, and – with the likely outcome of popular rebellion and some disintegration of the system which – and they will end up in prison. Therefore, the only rational strategy is to keep the situation under control and, if possible – if practical, to go back to Kim Il-Sung’s era – to the perfect Stalinism. Probably it’s not possible, but it’s worth trying. At least no reforms. And people say – might ask, “Isn’t it possible that there are no reform-minded groups in North Korea?” Well, probably there are, but if you are an honest and sufficiently smart and sufficiently cynical reformer in North Korea you should understand that the very likely outcome of your efforts – as an outcome you’ll probably share a prison cell with a conservative whom you hate or maybe will be hanging from the same lamp post if you’re less lucky. So, people would not play this game. Yes, you might say, they might be wrong. They might survive somehow.

Well, wonderful is you can give them some advice on how to survive. It will be mostly appreciated. I don’t see it. They don’t see it. Anyway, for us it’s very good to sit in this comfortable place and we have a reception and I will drink allot of hot coffee and these people – they are not taking risks. They are taking risks. They are gambling about their life and they are not going to gamble, especially because the stakes are not very good for them – chances are not very good for them. Therefore, they are – even more they are seeing the de-Stalinization from below – the growth of the grassroots capitalism over the last fifteen years – actually, a bit more – I would say in the very late nineties, so, I would say twenty years. The growth of this grassroots capitalism will put them into serious danger, because, look, people go to the markets. They don’t go to the official place. They sometimes bribe their supervisors. Essentially, the bribes have been – the scale of the bribe has been surprisingly stable over the last ten years. You pay roughly 80-90 percent of your average monthly salary every month, so your supervisor – work supervisor will take the boxes as if you are coming to work and you’ll go to the market. It’s interesting that many people are doing it, because they are afraid that all kinds will come back. So, they will not be held responsible in the involvement in any kind – any anti-socialist marketing activities or whatever, but – but, people understand – leaders understand that if people go to the market they are outside state control. Why now over the last few years they have been so persistent in their efforts to push people back into the factories? No – it has nothing to do with their attempts to restart production. Most of the factories are beyond repair. In most cases the equipment which was anyway antiquarian pieces from the Soviet technology of the forties – fifties maybe have been sold to China as scrap metal. It cannot be restarted, but they want people to be at the factories because they will be under control and under supervision. Because there’s surveillance – my English, yes, sometimes I’m not certain about my English, generally – surveillance system is centered around the work place. It’s where your indoctrinator is. It is where your party secretary is. It is where your secret police informer is and – whether – your normal police enforcer is. And people go to the market. Who knows who are these people?

Even if secret police informer says “a certain tall guy said something nasty,” how can you possibly find this guy?

Plus, people are learning to live without state control. They are learning that they can live without rations. Plus, they’re listening to strange rumors about people who’ve been in China and they’re saying the Chinese are unbelievably rich. Wow. Bad idea. Therefore, it’s very important to go back to the Kim Il-Sung era – back to 1984, I would say – back to the future. Future is behind I would say. So, the idea of revival of Kim Il-Sung is – of Kim Il-Sung is – the system of Kim Il-Sung’s North Korea is quite – is basically the strategy they are following and, unfortunately, this seems to be the only rational strategy. Therefore, I will just let you read some set conclusions and it will be time for questions and answers since I’ve been talking for 55 minutes.

So, maybe I’ll read it myself in my slightly accented – or maybe seriously accented English. There is no chance for any meaningful reform in North Korea in the possible future. Pyongyang’s decision to reject reforms is based on rational and well-informed assessment of North Korea’s domestic and international situation. No amount of outside pressure can, essentially, somehow persuade North Koreans to reform themselves. Since the current policy – it has a very interesting political kind of – political important conclusion. In this policy they cannot generate any meaningful economic growth, which means they will have to use all kinds of stratagems – all kinds of political tricks to squeeze aid from the outside world. Some people say we should ignore them – it’s not going to work, because if the US or the international community will start ignoring them they will just raise the stakes and go from a missile test, another nuclear test, missile proliferation, nuclear proliferation – louder and louder and louder until somebody will start paying attention. And, the final very set conclusion: the North Korean problem will remain a part of the international situation in the foreseeable future in the next fifteen years – twenty years. I don’t know. That’s all. Thank you very much.

Well, I think it’s me who is supposed to – actually, it was my idea to introduce the question and answers myself. So, just – I was asked to ask you to name your name and mention your affiliation and there are two gentlemen with mics. Yes and well, I’m waiting for questions.

QUESTION: I’m Larry Nicks from the Congressional Research Service. Dr. Lankov, do you see any, perhaps, different impact on affecting your conclusions? Coming from a future of North Korea in which you may have now for a number of years – conceivably could have a collective leadership – a group of military and party leaders making decisions without one particular person being a supreme leader making all of the decisions. Could – if that situation does unfold in the post stroke era, would it be possible for somewhat more diverse ideas to begin to filter up into the top echelons of the North Korean leadership and maybe become the object of some rational debate or discussion rather than having a system that you’re talking about or the direction your talking about basically being mandated by one supreme leader whose word is all – you know, all high without any challenge or without any debate about his direction for the country?

DR. LANKOV: Well, first of all, I don't like to be engaged in speculation about succession. Having said that, I believe that something like collective leadership with a figurehead is probably the most likely outcome, however a good question is whether these people will be willing to seriously consider reforming the country, because, as I have explained, chances of success of reforms are not very high. At least that's there perception. Frankly, I think it's my perception. They are afraid that if they start reforming the country they will not get Chinese prosperity, but East German or Romanian style collapse. And if it happens like I have said, reformers and conservatives are likely to share the same prison cell. So, in the discussion you have mentioned, it is well informed – well, maybe most of the people will decide that for the sake of our families we should better not to play with these dangerous ideas of reforms. Because what will happen to us? Unless by some situation – there will be some situation where these people will wrongly or not wrongly believe they will have – they themselves will have a place in post – in reformed North Korea, but, well, I don't think they'll take risks – collective leadership or not. However, in collective leadership we have a greater potential for disunity. And the sign of the disunity at the top might lead to a very fast developing collapse of the entire system, because one of the things why, basically, I think that belief in system – in the value of the official values is long dead. Very few people believe – or maybe nobody in the young generation or middle aged generation, but they believe if the North – average North Korean believes. If he or she does something the retribution will be swift and harsh. And if they see signs of disillusion – some quarrels at the top it might lead to a fast disintegration of the North Korean system. So, it well might have some results. Alternatively we might believe that there will be some people who will persuade themselves and everybody that they can try reforms and survive the experience. Maybe they will survive it. Probably not, but after all it's their problem, not ours.

DR. BUSH: Thank you first of all for your presentation. It was very stimulating. My question is related to Larry's question. As I recall, what happened in China after the death of Mao was not that it was totally top down reform, but there were movements in a couple of different places in China – Hubei province most particularly where the peasants basically carried out equal collectivization of agriculture and leaders on the top then saw that and protected those movements and learned from them as a basis for applying their policies throughout. It leads to the question the when Mr. Kim passes away and we move to something else whether common people will test the system to see what the degree of toleration is for private economic activities.

DR. LANKOV: Well, it's essentially the same question: to which extent the people will be willing to experiment and to which extent they will assume all experiments are dangerous and to which extent these assumptions are right – are correct. Personally, I'm sort of pessimistic, but I think that in the long-run one of the possible outcomes of the Korea – of the long North Korea history, I would say, will be that sooner or later somebody in the leadership will indeed try to do reforms and with great – very high probabilities the reforms will indeed within three years lead to the collapse of the entire system. And I just hope that this idealistic or stupid reformer will not get a prison sentence, but will be flown to Switzerland.

QUESTION: Tong Kim with SAIS. I wanted just to ask you the sources of some of the statistics you have cited. Number one, during the famine period in the mid-90s your estimate is anywhere between 800,000 and 900,000 because we've been hearing a lot. So, my question is where did you get that – your sources of the statistics. Number one. Another statistical question is you also said there were 200 to 250,000 migrants to China in, again, difficult days to the North Korean economy. Now – then you said – now 30,000. What do you mean “now 30,000?” You're talking about the assessment of the population – North Korean defectors to China which was way up to 250,000 – now you're talking about 3,000.

DR. LANKOV: No – 30,000.

QUESTION: 30,000. So, what are you talking about? Are you guessing or do you have some statistics that show that 30,000 North Koreans do defect to North Korea or what?

DR. LANKOV: No, no, no. I'll explain. First...

QUESTION: Then you said that border control troops were increased from 2,000 to 20 – or six thousand fifty hundred. Again, I want to know what's your sources with that information. And also at the end you were saying the border is not so transparent anymore. What do you mean by that? You can't tell what's happening along the border? Is that what you mean? And also, let me give you a bigger question. This is a question of a macro nature because you're a historian. I see – because I see North Korea from a historical perspective – Korean dynasties over thousands of years. And, there is a lot of historical influence on the mind or mindset of the North Korean elite as well as the North Korean population that has a lot to do with their traditional values and culture and their influences. Is it – I call North Korea a Confucian nationalist country with a strong socialism – strong impact of a socialist influence – some of which you described. I have no problem with the way you described what happened in the 50s and 60s and so forth, but I do agree with one thing you said at the end. You don't know when it's going to collapse – in the next ten years – you mean the duration or survival of the North Korean regime – might be ten years, but I agree on that because I don't see it – it's going to happen too soon. Given the resilient nature of the Korean people again in general from a historical perspective you talk about succession issues. Again, that has a lot to do with how succession has happened during the days of dynasties. So, that said, because some of the descriptions you said and the direction you were suggesting – including the fact that South Korean economic prosperity certainly looms as a single most threat to North Korean elites. I – that might be so. That's fine. And, you also made some other doomsday scenarios, but I'll give you a chance to respond to my comment.

DR. LANKOV: Yes, let's start from the beginning. The first question: the number of famine victims. As I have said, nobody knows. There – that figure I quoted – 600 to 900,000 is the result of research by two American specialists in demography. I don't remember which their name right now, but they're North Korean study specialists. The results were published in the *Lancet*, basically the leading publication on medicine

and public health and demographics and medical demography – demographics in 2002. They used all available information and so far I believe that this is the most reliable research study, but if you look, say, at a recent book by Marcus Nolan and Steven Haggard – they basically spent something like 15 pages explaining all existing estimates and how – who did it and how and how they arrived. The variety is very large. The minimum estimate is 250,000. Maximum is 3,000,000. Personally, I said it's between 6 and 9 because I tend to believe this publication, *Lancet*, but we would not take it seriously. It's, as I have said – I'm just repeating -- it's just essentially a guess. Second, a remark about North Koreans in China. What I meant – two hundred thousand fifty – 30,000 now. These are figures which are at any given time, because it's a very fluid population. They can go back and forth. People don't quite understand how easy – even for North Korean defectors in South Korea now is to stay with their families back in North Korea – how easy it is to send money to North Korea. There is a stable commission rate. 30 percent of the amount – a height of 30 percent, but very low level. So, talking about this population – it's a fluid population. Roughly, at any given moment around 98-99 – between 195,000 and 250,000 North Koreans were believed to live in China. Source – good friends joeunbeundeul made a special research on this issue at that time. 30 to 40,000 now – same definition – source, me – source of information – I used North Chinese police officials and Chinese law enforcement agency officials. To get information – large quantities of vodka. Time – last summer.

QUESTION: We have a question.

DR. LANKOV: Yeah. Can I finish? Can I finish? Can I finish with – then last – well, about border guards. I believe I didn't say 65,000. I didn't say so. I don't know where it comes from. I didn't say this figure. Maybe I – no, I think I didn't say so. Did I? Maybe – maybe my pronunciation of which I was sorry. I ask you and it's the first time I hear this figure. I'm pretty sure I didn't say so. Then, next, next, next, next, next, next – before Confucian – yes, transparency of their border. What I mean – border is transparent in – if you want to learn what is going on on the other side of the border, because there's a great deal of professional smugglers. You come to Dandong and you see a North Korean market which is specifically targeting North Koreans. You'll take – you come to Yangsi you'll see a North Korean market, but these people – they are people who can pay bribes. It became more difficult for the average North Korean without money in his or her pocket to cross the border. So, for the average people – because they have now this kind of – it's a kind of dugouts every 5000 meters and allot of military patrols. You could easily see it from the Chinese side. So, it's risky to cross the border right now if you don't – if you're no local – if you don't know the local conditions, the local terrain, and if you don't have money to bribe – bribe the guards. If you have money it's not a problem. So, information is still getting out. Information is still getting in, but much less people. Confucian socialism – Stalinism – well, I think it will be a discussion which will last for centuries: how will we describe North Korea? But I'm pretty sure that there will be definitions like Confucian-Stalinists, Stalinist-Confucianism, Neo-traditional monarchy, Stalinist neo-traditionalism – something like that, because indeed there are very powerful elements of Confucianism, of Stalinism, and of traditional ideologies, and even a touch of Christianity. So, all are present. Indeed, I would agree.

Talking about that you basically – if I understood correctly, you imply that probably – well, the material prosperity of North Korea – of South Korea is not so attractive. No, it's very attractive and it's – North Korean propaganda in recent years is trying to find an answer to that. They've slightly changed the tune. They now say, "Well, they're not that rich." "Maybe South Korea is doing okay." They continue old stories about poor boys who are shining the shoes of the US imperialist soldiers, but they also have a new message that "probably they're doing relatively okay, but they – their real national essence has been compromised." "We are the real Koreans" The question is: I don't believe that this message can stand a view of a Hyundai Sonata car, personally, because – well, it's too powerful. They can't – you cannot – we can see religious fundamentalism. We cannot see nationalist fundamentalism. Yeah.

QUESTION: Yes. Yeah, sorry. Yeah, Richard Finney with Radio Free Asia. What are the chances – and this is leaving aside the question of a collective political leadership after Kim's death – what kind of – what are the chances that the North Korean military could effectively govern the country in that situation?

DR. LANKOV: Well, I would say it's effectively governed the country to a very large extent and it has been doing so for 40-50 years, because you cannot draw the line between the military and the party leadership in Korea that – because people in the early sixties – people who were in leadership they were essentially formal guerillas. They were generals of the Korean War. They were guerillas in the 1930s. They were generals of the Korean War. They could be in the military uniform. They could be out of uniform, but it was --- well, I would not say much changed, because I believe that this kind of dichotomy army/party army/civilian bureaucracy – yes, there is something in that. There is – I'm not saying it's absolutely meaningless, but we – it's sort of overplayed. Thank you.

QUESTION: Andrei Lankov, I enjoyed your presentation. My name is Yeong-p'il, currently at Georgetown University. Now, I have a two part – two part question. As the one who tried to understand the North Korea, sometimes it is said that it's a socialist kingdom. That metaphor may or may not be acceptable from your point of view. I also remember Sasha Manzerov calling Kim Jong-Il as a socialist republic. Now, your notion of turning back the clock which is a very intriguing metaphor that you use. Then, I'm trying to understand your main argument here. The subtitle of your paper says "attempts to reclaim control in North Korea after 2004." I assume that your answer is that it has failed. Is that true?

DR. LANKOV: No. Half failed half successful. It's still – the jury is out. Because they succeeded in some parts and they failed in some other parts.

QUESTION: Then, then may I continue? That – that your underlying assumption is, as I see it, are two. Towards the end of your conclusion you said that the North Korean elite is in charge and in control and then – on the other hand it is losing control. With that counter hypothesis – you know – I was wondering whether I can explore the third hypothesis which may be something like – that just came up to my mind.

Maybe North Korea is muddling through. Nobody really knows. North Korean elites themselves don't know what is going to happen – you know beyond – let's say Kim Jong-Il's health problem ending up with some change. Any comments?

DR. LANKOV: Well, of course they don't know and they're trying to keep control whenever possible, but it's a bit – they are on a slippery slope. They were sliding back. The question is to which extent they were really sliding – to which extent they believe it's relaxed and that now they're trying to go back. Your first question is to which extent they have gone back. Partially yes – partially succeeded. They manage to restart the gears. They greatly increased border control. They basically made very difficult for women beyond a certain age to be engaged in most areas in market trade. They are successful. There have been successful crackdowns on some – in some other areas – say, on the private trucks and buses and so on. At the same time they have not succeeded in ban – in enforcing a ban on the private sales of grain to start with which is very important. And, they've essentially treated with – this market – attempted market closure actually a few weeks ago. So, I would say, well, the struggle is going on – society against the state. You'll see the results, but honestly I'm becoming more and more pessimistic because when this trend became clear around 2005-2006, I expected that it would very soon end in failure. It's not ended in failure. They're working hard and they are sometimes succeeding.

QUESTION: Dr. Lankov, thank you. Keith Krulak – I'm from the State Department. My question – I guess, to summarize you see that the North Korean elite are basically aiming to maintain their system and they see it best by returning to Stalinism. Is this – is this just a short – short term, you know, step in the game? Do they have a longer term strategy? Because, do they feel like we're returning to the old ways will be sustainable or is it the first step to something else? And if so, what's the something else?

DR. LANKOV: Good question. I don't know that answer, but I would say that in the first stage they want to go back to old ways and at least to stay – to keep the society under control. If your question implies whether they will try go to start something reforms according to their model. I cannot completely rule it out, but I find it quite impossible. I cannot rule it out, but I find it impossible. When people ask me “what is the strategic goal of the North Korean leadership right now?” I will usually answer “to die in their beds.”

Yeah, yeah. This gentleman. Yes, yeah.

QUESTION: Professor Lankov, my name's Sun-won Park at the Brookings Institution. I'd like – I'd like to try to agree with you, but I found very – a few difficulties to understand that the North Korean people like to turn to – especially the elites want to return to the era of Kim Il-Sung, because I met allot of North Koreans and officials in Beijing and in Korea Seoul and Pyongyang and they said that their system is failed. They realize it and they want to find the most safest way to survive longer and that to get the economy recovered with less risk, however, the old story could not be repeated again. That's the lesson they've got, I think. And second one is that the you emphasized

the smuggling, but when I talk with North Koreans they said – they say that their allowed cross-border trade. That cross-border trade is guaranteed and supported by North Korea – by the government of Chinese provinces and North Korean government as well. If you go to the Dandong area there are a lot of series of trucks go and go out from North Korea to China, so we need to differentiate this smuggling and the official or half official cross-border trade which helps North Korea to survive, especially which is very much important to Chinese policy.

DR. LANKOV: Yes, starting from the second, of course. Not only smuggling allot of legitimate trade. And what I should mention of – beginning roughly in 2002 when they were still in their liberalizing mode, they began to issue for the first time in Korean history – they began to issue, essentially foreign passports to their private citizens. Of course, it was difficult. You had to pay bribes. You had to have connections, but you could apply for a spot to travel to China as a private person. First time in half a century. And it's still working in spite of everything that I've described, but bribes are prohibitively high. It's practically only for apparent vendors. The problems is that you cannot draw a line between smuggling, because stuff they are moving across the border, because some is done officially, part is done unofficially. Part is legal, part is illegal. It's very – it's a kind of continuum. You cannot say so. Yes, both are present, but when I was talking about smuggling was important because stuff which is most subversive like DVDs, the South Korean and foreign movies, radio sets, everything is essentially smuggled – sometimes by the same people who are doing absolutely the trade with dried seafood – same. Well, the first remark about their understanding – they understand the system has failed. They simply don't see a way out in which they will keep their basically freedom and ideally privileges, because I think their strategy is not so much of these people. I feel sorry about poor North Korean ministers. I do feel sorry about them, really. Some of them are just born into the privilege. It's not their fault. They probably feel more sorry about North Korean farmers. And the tragedy of both is that there is no clear exit option. It's why I always wrote in Korean, usually because it matters when you write it in Korean, that it's important in cases of crisis to put on the table an idea of general amnesty for these people even with the clear understanding that they have done very bad things and have killed more Koreans than any foreign invader in the entire Korean history. Well, but the problem is that they will not probably believe promises of immunity from persecution and they have not so far discovered ways how to get out of their situation. And, honestly I don't see – well, if Corporal Kim Jong-Il calls me tomorrow and asks for my advice, I'd tell him "Sorry, General Kim." I have nothing to say to him, no.

QUESTION: Seokyeong An from Georgetown University. It seems that North Korea is really – you know – a country of bad options, but nevertheless let's try to find some sticks and carrots. Well, during the Bush Administration, to resolve the North Korean nuclear issue they tried several things, but now people begin to talk about a strategy of giving allot to achieve allot. In your view will it work?

DR. LANKOV: No. Definitely not.

QUESTION: And my – and my second question is: what kind of

sanctions can we consider?

DR. LANKOV: No sanctions.

QUESTION: Well, they talk about – you know – economic sanctions or – you know – isolation and – you know – any – all kinds of sanctions. We already witnessed, but sanctions – if it ever takes effect, it will take – you know – allot of time before it is – you know – producing some effect. I think North Korean people will suffer allot before the regime suffers and perhaps the regime will still survive. So, what kind of sanctions can you recommend?

DR. LANKOV: No. No sanctions. Your first question is any solution. Honestly, are you talking about the nuclear issue? I believe it doesn't have any solution. There are no ways to make North Koreans to surrender their nuclear weapons. They can go agree to disable their nuclear facilities. They can surrender some part of uranium – oh, sorry – some part of their plutonium. They can honestly admit something about their uranium enrichment program. They can agree to guarantees about proliferation – missile and nuclear proliferation, but they will – the bottom line is they will need a bomb in the basement – maybe a few – at least ambiguity. So, verifiable so on and so on denuclearization is not going to happen as long as this regime stays in power which means for a long time, maybe – maybe not. I think for a long time. First, and I don't think that any amount of give away – yes, they will accept. If you give them allot they will be very happy to get allot, of course. Who will – well, but it will have no – they will make some minor succession, but when it will come to the bottom line no amount of giveaways will persuade them to give away nuclear weapons. They will not, because they need nuclear weapons because of three reasons. First of all, it's a deterrent. Even if they trust the current American administration – which is a big "if" – god knows those nasty Americans have a bad habit of having elections every four years. Second, they need it as a powerful blackmail tool, because if you look at the North Korea in terms of land area, economy, and population size it is roughly equal to Mozambique. It equals Mozambique. Had I been a Mozambique specialists – highly respected host from the Brookings Institution and the Johns Hopkins University would never accept – would never have invited me I'm sorry to say. Yes, thanks to nukes. So...

Yes, and the hotel is really wonderful. So, so this – this is the situation. They know that without nuclear weapons they will be no – much less or exactly no tools to extract aid from the foreign – from the foreign community. Second reason – third, it is very important domestically, because it's something they can boast to their people. And I think no amount of aid will be – no amount of compensation will be sufficient. Talking about sanctions – sanctions will not work and if they work it will be even worse. Fortunately, they will not work, because it will be impossible to maybe to...

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