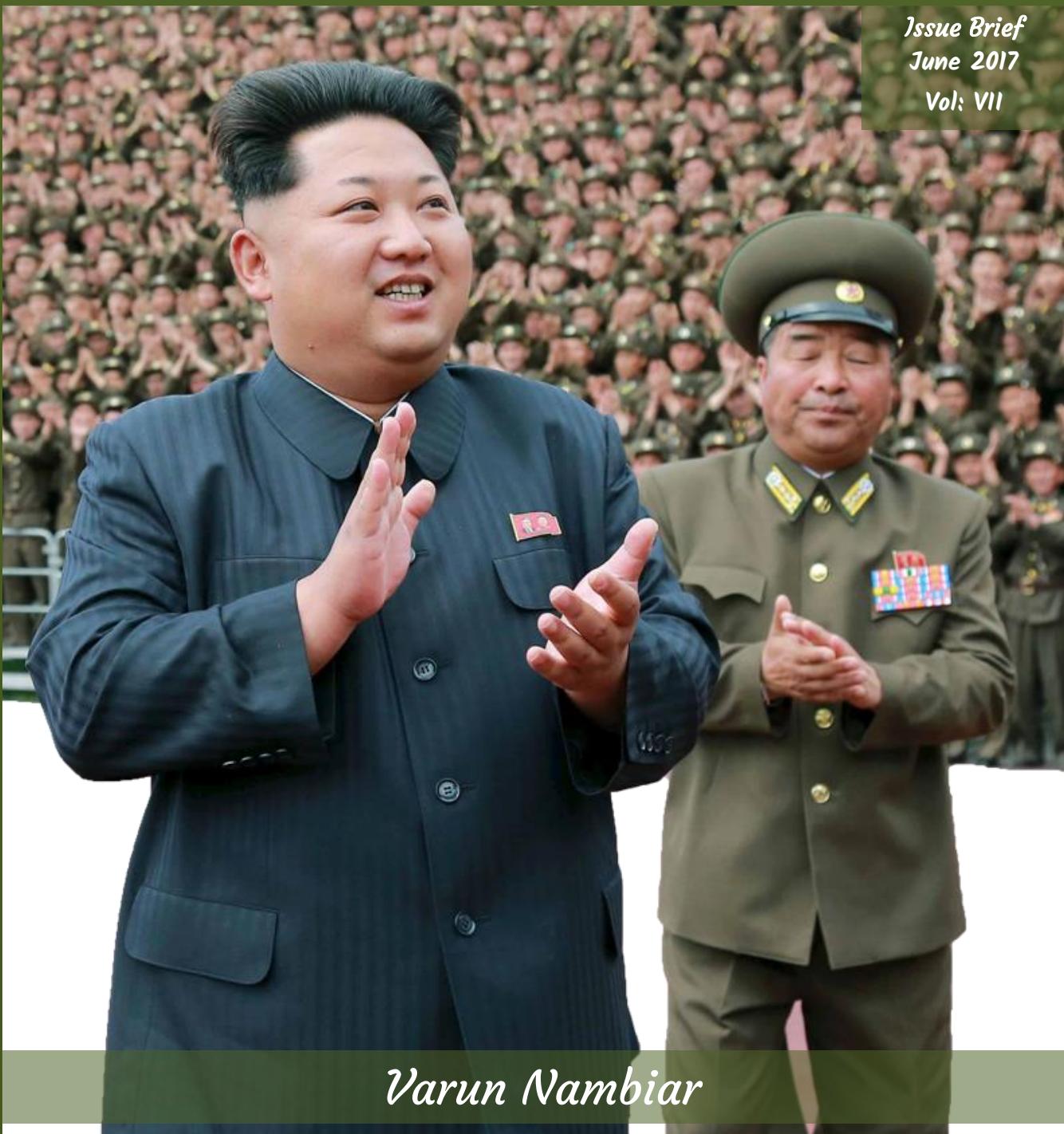




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North Korea: Unravelling the Hermit Kingdom

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North Korea: Unravelling the Hermit Kingdom

North Korea has been the focus of increasing international interest of late. Much of it has been owing to its burgeoning nuclear weapons programme, which has been described by the International Atomic Energy Agency (IAEA) as having entered a ‘new phase’ following a doubling of its uranium enrichment capacity.ⁱ The reclusive north-east Asian nation has coupled its uranium enrichment programme with efforts at bolstering its already significantly advanced long-range strategic ballistic missile programme, fuelling concerns in the West about nightmare scenarios involving nuclear-tipped North Korean missiles raining down on the United States’ Pacific coast.ⁱⁱ

The Democratic People’s Republic of Korea (DPRK), as it is officially called, has attracted attention not just from those interested in foreign policy or nuclear non-proliferation, but also from those interested in the country purely because of the perception of it being a basket case – a freak show among nations – of sorts. The country is, arguably, one of the last vestiges of the Cold War-era Soviet system, with its Stalinist dictatorship and extensively collectivised economy that once benefitted enormously from Soviet assistance but declined into abject poverty ever since the money dried up post-1991, when the USSR collapsed.ⁱⁱⁱ Very little is known about how North Korea works on the inside, it has been referred to as an “intelligence black hole,” for its notorious information-vacuum.^{iv} Foreigners are rarely allowed access and the State keeps a tight lid on information leaking beyond the DPRK’s heavily militarised frontiers.^v Consequently, any researcher’s task is made all the more difficult, with verifiable information and empirical data being in short supply, to say the least. What the outside world knows about North Korea is from books, articles, interviews with North Korean officials, and statements of defectors who fled the country for greener pastures abroad.

Very little scholarly attention, if any, has been paid to understanding North Korea in India. The geographical distance between the two countries might be a contributing factor to the general apathy towards this corner of East Asia. This trend, however, must be reversed. North Korea is a nuclear-armed country on the Eurasian landmass and that in itself mandates some degree of Indian attention. More importantly, it is a potential flashpoint for confrontation – as it has been in the past – between two of India’s largest trading partners, the United States and China.^{vi} India’s historical friend and major defence equipment supplier, Russia, also has an interest in the developments in this country.^{vii} Events related to and situations arising out of North Korea could have

an impact on how these three significant world powers interact with one another, which in turn could have a bearing on the course Indian foreign policy takes in the future. North Korea must therefore be factored into India's strategic calculus. It is in this context that analysing the internal power dynamics of the DPRK becomes imperative. This paper will attempt to examine the internal political and socio-economic structure of North Korea. It is an effort at dissecting the mechanics of the regime of its young leader, Kim Jong Un, trying to understand how it continues to survive in the 21st century, 25 years after the fall of the Soviet system.

Patrimonial-ism

The official website of the government of the DPRK describes its system as "*a people-centred social system in which the masses of the working people are the masters of everything and everything in society serves them.*"^{xii} While this may give the impression of a system based on the rule of law, constitutionalism and an impersonal state, such an impression would be divorced from reality. North Korea is not a modern state in the Weberian sense. It is a patrimonial state.^{xiv} There is an important distinction to be made between what Max Weber labelled modern states and patrimonial ones. A modern state is impersonal and seeks to treat citizens uniformly based simply on their status as citizens. In a modern state, there is a distinction between public and private; corruption occurs when rulers appropriate public resources for their own private benefit. A patrimonial state, contrastingly, is one in which the rulers consider the state a species of private property which they can use for their own purposes. An individual's relationship to the ruler is governed by personal relationships, i.e., whether he/she is a relative, friend, or client of those in power.^{xv} North Korea has a distinctive group of individuals who belong to powerful families of former high-ranking party officials. This is a group of individuals whose recruitment and promotion within the party and the government have been significantly influenced by their personal ties to the ruling Kim Il-Sung family. It is this patrimonial elite that effectively runs the show in Pyongyang. In state propaganda, they are referred to as *Kanbu* (cadre), instead of using the word "elite," evidently because the country is officially socialist and the elite have been accommodated in the higher echelons of the ruling party's organisational structure, thereby mandating the usage of the term "cadre," instead of "elite."

Difficult to Dislodge

With its insouciant disregard for international opinion, frequent violations of international obligations^{xvi} and suppression of human rights,^{xvii} foreign governments and North Korea watchers have often wondered if there is any chance or even sign of the

regime in Pyongyang collapsing. In fact, the DPRK has even accused foreign powers, particularly the United States and South Korea – North Korea's prosperous southern neighbour – of actively pursuing policies to enforce regime change.^{xiii} Howsoever hard intelligence agencies of countries in whose geopolitical interest it is to see regime change in Pyongyang^{xiv} may try, the Kim Jong Un regime appears to have the requisite internal strength to withstand any externally-funded insurrections. Any hopes of seeing the North Korean regime collapse in the short-term are sanguine at best, and extremely far-fetched, to put it mildly, by most realistic metrics. The Kim dynasty has entrenched itself firmly enough to become an almost indispensable reality of that country's political and social life. It has done so over the years, through a systematically calibrated approach, synthesising ideological indoctrination^{xv} with economic and social structures that perpetuate patrimonialism.

Gift Economy

When examining any authoritarian political system for signs of fissures that may lead to an eventual collapse, one looks at the possibility of what scholars call an “elite fracture,” a phenomenon in which powerful officials break away to force a change in leadership.^{xvi} The Kim Il-sung family has provisioned for the forestalling of such a possibility by maintaining a parallel economy aimed at sustaining the patronage networks. This parallel economy is called the ‘gift economy’. The culture of gift giving is an important part of the ruling figure’s power relations with all members of the elite.^{xvii} An example of this gift-giving patronage culture is Kim Jong Il’s practice of ensuring the loyalty of the top brass of the Korean People’s Army (KPA) gifting them luxury cars and apartments.^{xviii} This practice is firmly rooted in Korean culture, where gift giving is an intrinsic part of the conduct of social and commercial relations, ensuring mutual respect and the obligation to give reciprocal favours. The vital nature of the practice of gift giving in Korean culture can be gauged from the fact that even in a developed, modern, technologically advanced and progressive economy like South Korea, gift giving is an important part of business practice.^{xix} It therefore comes as no surprise that the North Korean regime has used this element of Korean culture in a systematic and effective manner to sustain the country’s patrimonial political system and ensure the *kanbu*’s loyalty to the regime.

The parallel, underground, political gift economy, also called the “court economy,” is different from the regular, formal, economy which caters to the vast majority of North Korea’s population. The latter is called the “people’s economy” and is guided by the Cabinet.^{xx}

Room 39

For the North Korean elite patronage economy to be sustained in a heavily-sanctioned country^{xxi} with low productivity^{xxii} and inadequate revenue generation^{xxiii}, there needs to be an uninterrupted revenue stream distinct from the State's regular revenue collection system. It is to serve this purpose that the DPRK established 'Room 39', also called 'Office 39 of the Workers' Party' or 'Bureau 39', as a foreign exchange slush fund raised through a combination of means, primarily illicit^{xxiv}, to fund the regime's court economy. North Korea's rulers have had to resort to illicit means to secure foreign exchange after years of international sanctions. Imposed in response to nuclear tests in 2006, 2009, 2013 and 2016, the sanctions comprise an arms embargo designed to stop North Korea trading weapons and sourcing parts for its atomic programme.^{xxv} As Pyongyang's relationship with Pakistan's notorious AQ Khan Network^{xxvi} for the procurement of Uranium enrichment technology and the transfer of ballistic missile technology from North Korea to Pakistan as a *quid pro quo*^{xxvii} demonstrate, the DPRK is not averse to trading highly sensitive technologies. The sanctions also include an asset freeze and a ban on luxury goods that is meant to deprive the North Korean elite of the privileges of power.^{xxviii}

Annual reports by a UN panel that monitors the sanctions shed some light on the activities of Room 39. They describe the methods used by Room 39 to disguise commercial activities abroad and evade the effect of sanctions.^{xxix} The most recent UN report, made public in February, documents how North Korea "is flouting sanctions through trade in prohibited goods, with evasion techniques that are increasing in scale, scope and sophistication."^{xxx} North Korean banks and firms have maintained access to international financial markets through a vast network of Chinese-based front companies, enabling Room 39 to evade sanctions. The activities of these front companies include trades in cash and gold bullion and concealing financial transactions behind a network of foreign countries and individuals, allowing North Korea to gain easy access to the international financial system. The UN report also states that these networks "are adapting by using greater ingenuity in accessing formal banking channels as well as bulk cash and gold transfers."^{xxxi} The illicit transactions that have ensured Room 39 receiving a steady stream of foreign exchange over the years includes the exporting of indentured labourers to countries such as Mongolia^{xxxii} and Qatar.^{xxxiii} Additionally, Room 39 is known to be deeply involved in and committed to the production of both heroin and methamphetamine, illicit drugs which are not intended for domestic consumption but instead sold internationally.^{xxxiv}

Apart from these illicit means, North Korea also has certain lawful channels for the inflow of foreign exchange, including a chain of ‘Pyongyang restaurants,’ that has been established in many cities around the world and this, too, is a venture of Room 39.^{xxxv} The export of minerals, particularly coal, to China has traditionally been one of the principal sources of foreign exchange for the North Korean regime.^{xxxvi} It remains to be seen how this revenue source will be affected by China’s decision to suspend coal imports from North Korea.^{xxxvii} The United States and European Union have had Room 39 on their respective lists of sanctioned organisations since 2010.^{xxxviii} As illustrated by the most recent UN Report, sanctions have had a limited effect on the activities of Room 39 and have been unable to completely cut off the flow of foreign exchange for the North Korean court economy. Room 39, therefore, continues to be an active organ of the North Korean regime and provides vital funding to ensure the loyalty of the traditional elite to the rule of the Kim Il-sung family.

Family State

Patronage, economic incentives and material inducements to members of the elite alone do not explain the Kim Il-sung family’s nearly seven decade long control of North Korea. At the heart of the regime’s totalitarian control over society is a personality cult built around the ruling family. Korean society is grounded firmly in Confucian ethos, which attach significant value to paternal hierarchy and notions of loyalty and deference to paternal authority. The regime has adapted these customs and traditions, removed their spiritual component, and supplanted them with the notion of loyalty to the ruling family and to a lesser degree, the State as a means of social control in order to control the population.^{xxxix} The Confucian value of filial piety dictates that one is to prioritise the larger interest of the family over one’s own interests. The centrality of filial piety in Confucian thought can be gauged by a statement attributed to Confucius, who is quoted as saying, “Among human practices, none is greater than *Xiao* (filial piety).”^x In North Korea, since the 1960s, following the establishment of *Juche* (Kim Il-Sung’s ideological brainchild, often translated as “self-reliance”) as the only official ideology of the State, emphasis was laid on the significance of the idea of the nation as one family and the leader, Kim Il-Sung, as the paterfamilias.^{xli} An individual’s duty to participate in collective action stemmed not from political duty or a sense of civic responsibility, but from the love, loyalty and deference one owed to the leader as the collective father of the people. In some ways, Kim Il-Sung still occupies the position of *pater familias* even almost 23 years after his death. He is the ‘Eternal President’^{xlii} and his successors would naturally derive their legitimacy to rule from their relation to him. It can be argued that

in addition to being a nation-state, the DPRK is also a family state, with the ruling Kim dynasty occupying the culturally preeminent paternal position.

North Korea, therefore, presents a somewhat paradoxical picture of an ideal extolled in religion adapted to serve as the lynchpin of an officially irreligious political system that substantially prohibits religious practice.^{xiii} Despite the suppression of traditional religions, some have described *Juche*, sociologically, as the religion of the entire population of North Korea.^{xliv} The photographs of the ruling family's patriarchs are displayed at almost every major public building, there are institutions, songs, poems, essays, stories, and even flowers named after them.^{xlv} Given the pervasive and entrenched position the personality cult of the ruling family enjoys in North Korean society, it becomes all the more difficult for any real threat to the regime to materialise.

Winds of Change

When Kim Jong Un delivered his first speech to the North Korean people (which in itself was a bit of a change given that his father, Kim Jong Il, was not fond of public speeches^{xvi}) he promised economic change, saying that the people would “never have to tighten their belts again^{xvii},” and decided to usher in a slew of economic reforms.^{xviii} North Korea is not the starving country that it is widely portrayed to be, especially by the Western media. These misconceptions are due to the disastrous famine that hit the country in the late 1990's, leading to images of mass starvation and food shortage making headlines all over the world. However, economists agree that over the past decade the country has not only recovered from the effects of famine, but has also experienced significant economic growth.^{xix} Pessimists put the annual growth rate at about 1.5 percent, while the optimists believe it may be close to 4 percent.ⁱ In 2013, Kim Jong Un underlined the need to focus on economic development by putting it on the same level of priority as the development of nuclear weapons.ⁱⁱ Consequently, signs of market-driven economics are becoming visible.

Some degree of ‘market-isation’ was already taking place in North Korea before Kim Jong Un took charge. Following the famine of the late 1990's, when the State-funded public distribution system collapsed, unofficial markets began sprouting up across the countryⁱⁱⁱ, where people would sell whatever they could get their hands on and thereby fill the void left by the government’s inability to provide essential supplies to all. The movement of goods across the border with China also facilitated this process of market-isation. While the attitude of his father towards this process was fairly ambivalent, Kim Jong Un has sought to use the market-oriented model of economic development. He decided to increase the number of government-approved markets and to tolerate, to some extent, unapproved market activity. Statistics show that since 2010,

the number of government-approved markets in North Korea has doubled to 440, and satellite images show them growing in size in most cities. In a country with a population of 25 million, about 1.1 million people are now employed as retailers or managers in these markets and some 40 percent of North Korea's populace is now engaged in private enterprise; this is a figure not too dissimilar to that found in Eastern European countries immediately following the collapse of the Soviet-led bloc.ⁱⁱⁱ

There are reports of unofficial market activity progressing apace. There are shops that sell clothes, sweets, bread, shoes and agricultural produce. Markets appear in rural areas once every 10 days and smugglers who peddle goods such as foreign movies and smart phones make regular trips from the Chinese border. The cumulative effect of these market-oriented changes in the past few years has been largely positive for both North Korean society and its economy. It appears to be the regime's intention to follow the Chinese model, where rapid economic growth brought about by market reform has filled up state coffers, enabling the authoritarian state apparatus to perpetuate its control over society and project power beyond its borders.

Economic Growth: Threat to the Regime?

The process of marketisation and economic growth has brought with it the advent of modern technology including – but not limited to – smart phones and USB drives. This has meant that North Koreans do have access to information about the outside world. Many in North Korea are aware of the prosperity of their neighbouring countries (and the relative poverty of their own) as well as the authoritarian nature of their government. The State no longer enjoys an absolute monopoly over the flow of information and State television and print publications are no longer the only source of news. Moreover, the regime's limited embrace of market forces in what is supposed to be a society where there is no room for class division or private capital has exposed the contradictions in the regime's fundamental argument about the DPRK's socialist system being superior to the South's capitalist system. Although information is not readily available from within North Korea, it is plausible that people in the country are beginning to raise doubts about the system that governs it, given the easier flow of information and the process of marketisation, which means that as people support themselves and get what they need outside the state economy, they are less beholden to the authorities. This has also been confirmed by individuals, including high-ranking officials, who have defected from the DPRK.^{iv}

A phenomenon concurrent to the sprouting of markets, economic growth, emergence of private industry and the spread of information has been the rise of a new class of wealthy entrepreneurs and private industrialists called the *Donju* (translated as

‘masters of money’). The *Donju* are the new class of traders and businessmen that has emerged as a result of the emergence of markets and state policy of tolerating and covertly encouraging, if not officially promoting, private commercial activity. They invest in construction projects, establish partnerships with resource-strapped state factories and bankroll imports from China to supply retailers in the marketplaces. They operate with “covers,” or party officials who protect their businesses. Some are relatives of party officials and they duly exploit these connections in furtherance of their own business interest. The *Donju* represent a powerful new elite interest group in the DPRK, in addition to the *Kanbu*, the traditional elite. Unlike the traditional elite, this nouveau riche class is not influenced by the Korean Worker’s Party’s hierarchy or the gifts of the gift economy. It is because of this relative independence that some analysts argue that the *Donju* could be the potential agents of social and political change in North Korea and lead a reform coalition made up of disillusioned members of the *Kanbu* and the common man.

Others are more sceptical about the *Donju*’s ability and will to mount a rebellion. This is because they are, after all, a relatively small group of individuals in a tightly controlled society and they might have an interest in ensuring that the current system of Crony State Capitalism continues to favour them when it comes to the grant of tenders, permits, etc. For the regime, the emergence of this new class has been a blessing so far. One example of this is how by tapping into the financial power of the *Donju*, the regime has successfully revived abandoned mines that were defunct and thereby open up new revenue streams.^{*vii*} They did this by getting the *Donju* to buy mining rights from the Ministry of People’s Armed Forces and mineral rights from the Ministry of Mining Industries. The *Donju* pay rent to the regime and also bribe their way to gain better access and more protection, thereby endearing themselves to local officials and party cadres. However, this blessing could well turn into a bane in the future. History is replete with examples of the ‘new elite’ pushing the agenda for reform by leading reform coalitions. This has happened with the Industrial Revolution in England^{*viii*} and with the Civil Service Reform Movement in the United States.^{*vix*} There is, therefore, a possibility that this new elite group may at some point, be able to muster enough strength in numbers to potentially challenge the regime or at the very least, enforce reforms in the way the country is run. Whether or when this will happen is a question that has no easy answers. North Korea is still at a very nascent stage of marketisation and economic reform, and it will perhaps take longer for a reform coalition, if any, to materialise.

Conclusion

North Korea's foreign policy, nuclear programme and missile development continue to be the focus of the world's attention. Relatively little, however, is known about that country's internal dynamics. It is a closed society with a regime that exercises immense control over society. It is perhaps one of the most totalitarian systems in existence in the 21st century. There is an extremely rigid hierarchical structure in place, with the Kim Dynasty and its current patriarch, Kim Jong Un, at the apex of the pyramid. Loyalty to the State is viewed as loyalty to one's own family, and the leader of the nation is the leader of one large family, which one is duty bound to love and serve, according to prevalent social ideals based on Confucian philosophy. In addition to ideology, the State uses economic inducements to secure the loyalty of the traditional elites.

However, with economic reform and the spread of information technology, North Korea is gradually beginning to change and its people are starting to enjoy higher levels of prosperity than in the famine-stricken 1990s. The economic growth and slow process of incremental marketisation have led to the emergence of new elites who help the government by financing projects, paying rents and bribing government officials. While this process of marketisation and economic growth could lead to calls for regime change, or at the very least, political reform in the long run, such predictions seem to be far-fetched for the moment. The Kim Dynasty and its regime seem relatively safe for now as they are deeply entrenched and difficult to dislodge from their position. This is because North Korea is essentially a patrimonial State. A salient feature of such systems is their tendency to be extremely stable. The stability of patrimonial systems is due to the fact that they are created and sustained by the primary pillars of human sociability, kin selection and reciprocal altruism.^{lx} Kin selection refers to the natural inclination of individuals to favour their family and reciprocal altruism is the human predisposition towards favouring non-relatives with whom they have exchanged reciprocal favours. Elite groups formed along these lines are able to muzzle dissent and resistance because they have a high degree of cohesion and are better organised than the other members of society. They also have greater access to arms and ammunition, in addition to the training necessary to use them, compared to other sections of society. The geographically dispersed, economically backward, socially unaware and technologically ill-equipped peasants in agrarian societies such as North Korea have little hope of overthrowing such well-entrenched elite groups. Usually, the only way such a well-entrenched elite group can be challenged is when a rival elite group, with greater resources and better organisational capacity, begins to pose a challenge.

North Korea's *Donju* has the potential to pose such a challenge in the long-term, but given the slow and incremental nature of economic change, it may well take many years – if not decades – for such a situation to materialise. It appears that the Kim Jong Un regime is fairly well-placed to survive and continue ruling North Korea for quite some time to come. Therefore, instead of actively attempting to enforce regime change from within, the rest of the world must develop a comprehensive and collaborative strategy, which includes North Korea's strategic partner China, in order to deal with the challenges posed by the DPRK and mitigate any damage caused as a result of its confrontationist policies and nuclear brinkmanship.

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