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**THESIS**

**ECONOMIC PERFORMANCE AND NORTH KOREAN  
REGIME LEGITIMACY**

by

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**ECONOMIC PERFORMANCE AND NORTH KOREAN REGIME  
LEGITIMACY**

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Submitted in partial fulfillment of the  
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## **ABSTRACT**

This thesis examines the sources of legitimacy for the North Korean regime in an effort to explain what role, if any, economic performance has played in keeping the Kim family in power. This thesis provides a historical look at the development of the North Korean regime from the beginning under Kim Il-sung to the current generation of rule under Kim Jong-un. The core argument of the thesis is broken into two major time periods, with the economic downturn of the early 1990s serving as the dividing point. Furthermore, comparisons with South Korea under Park Chung-hee and reformist China under Deng Xiaoping will be made to offer counter-examples of authoritarian regimes that placed a priority on economic growth.

The goal of this thesis is to establish the basis for North Korean regime legitimacy as a way to further understand both how the leadership continues to remain in power despite grave economic failure and to shed light on possible future developments as a result of the current situation. In better understanding the sources of legitimacy in North Korea, the international community can be better prepared for the way ahead.

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## TABLE OF CONTENTS

|             |  |           |
|-------------|--|-----------|
| <b>I.</b>   | <b>INTRODUCTION.....</b>   | <b>1</b>  |
| <b>A.</b>   | <b>IMPORTANCE.....</b>   | <b>1</b>  |
| <b>B.</b>   | <b>PROBLEMS AND HYPOTHESES .....</b>   | <b>2</b>  |
| <b>C.</b>   | <b>METHODS .....</b>   | <b>6</b>  |
| <b>D.</b>   | <b>THESIS OVERVIEW .....</b>   | <b>7</b>  |
| <b>II.</b>  | <b>LITERATURE REVIEW .....</b>   | <b>11</b> |
| <b>A.</b>   | <b>INTRODUCTION.....</b>   | <b>11</b> |
| <b>B.</b>   | <b>KEY THEMES IN THE POLITICAL ECONOMY SCHOLARSHIP ....</b>                          | <b>12</b> |
| <b>1.</b>   | <b>Elite Incentives .....</b>  | <b>12</b> |
| <b>2.</b>   | <b>Aid and Incentives.....</b>   | <b>13</b> |
| <b>3.</b>   | <b>Institutional Capacity and Design .....</b>                                       | <b>14</b> |
| <b>4.</b>   | <b>Pressures for Reform.....</b>   | <b>16</b> |
| <b>5.</b>   | <b>Regime Type.....</b>  | <b>17</b> |
| <b>C.</b>   | <b>APPLYING THE POLITICAL ECONOMY SCHOLARSHIP TO<br/>NORTH KOREA .....</b>           | <b>19</b> |
| <b>III.</b> | <b>THE PILLARS OF THE REGIME AND THE FOUNDATION OF<br/>FAILURE.....</b>              | <b>21</b> |
| <b>A.</b>   | <b>INTRODUCTION.....</b>   | <b>21</b> |
| <b>B.</b>   | <b>CREATING THE NARRATIVE AND MAINTAINING THE<br/>STATUS QUO.....</b>                | <b>22</b> |
| <b>1.</b>   | <b>The Power of Nationalism .....</b>  | <b>22</b> |
| <b>2.</b>   | <b>Creating the Man, Myth, and Legend.....</b>                                       | <b>23</b> |
| <b>3.</b>   | <b>Juche: A Unique Ideology for a Unique Regime.....</b>                             | <b>25</b> |
| <b>4.</b>   | <b>Strength versus Legitimacy: A Means to Ensure Control .....</b>                   | <b>27</b> |
| <b>5.</b>   | <b>The Absent Role of Economics .....</b>  | <b>30</b> |
| <b>C.</b>   | <b>PERPETUATING POWER DESPITE SUSTAINED DECLINE .....</b>                            | <b>32</b> |
| <b>1.</b>   | <b>A Double-Edged Sword .....</b>  | <b>32</b> |
| <b>2.</b>   | <b>Disaster on the Horizon .....</b>   | <b>35</b> |
| <b>IV.</b>  | <b>FROM FAMINE TO REFORM?.....</b>   | <b>39</b> |
| <b>A.</b>   | <b>INTRODUCTION.....</b>   | <b>39</b> |
| <b>B.</b>   | <b>MANAGING A FAILED ECONOMY .....</b>   | <b>42</b> |
| <b>1.</b>   | <b>Bottoming Out.....</b>  | <b>42</b> |
| <b>2.</b>   | <b>Feigning Reform and Military-First Ideology.....</b>                              | <b>47</b> |
| <b>3.</b>   | <b>Blackmail and International Exploitation: Keeping the<br/>Economy Afloat.....</b> | <b>52</b> |
| <b>4.</b>   | <b>Let There Be Free Trade!.....</b>   | <b>54</b> |
| <b>C.</b>   | <b>LIFE AFTER DEATH .....</b>  | <b>56</b> |
| <b>1.</b>   | <b>Nuclear Expansion and Counter Reforms.....</b>                                    | <b>56</b> |
| <b>2.</b>   | <b>A Dark Horse of Hope? .....</b>   | <b>59</b> |
| <b>D.</b>   | <b>CONCLUSION .....</b>  | <b>61</b> |

|           |   |           |
|-----------|---|-----------|
| <b>V.</b> | <b>CONCLUSION .....</b>                               | <b>63</b> |
| <b>A.</b> | <b>WILL THERE BE REFORM?.....</b>                     | <b>66</b> |
| <b>B.</b> | <b>WHAT CAN THE INTERNATIONAL COMMUNITY DO? .....</b> | <b>69</b> |
| <b>C.</b> | <b>CORRUPTION IS THE KEY .....</b>                    | <b>70</b> |
|           | <b>LIST OF REFERENCES.....</b>                        | <b>75</b> |
|           | <b>INITIAL DISTRIBUTION LIST .....</b>                | <b>79</b> |

## LIST OF FIGURES

|           |                      |    |
|-----------|----------------------|----|
| Figure 1. | Per Capita GNP.....  | 35 |
| Figure 2. | Real GDP Growth..... | 43 |

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

|      |                                       |
|------|---------------------------------------|
| CCP  | Chinese Communist Party               |
| DMZ  | demilitarized zone                    |
| DPRK | Democratic People's Republic of Korea |
| GDP  | gross domestic product                |
| GNP  | gross national product                |
| NDC  | National Defense Commission           |
| NPT  | Nonproliferation Treaty               |
| PDS  | public distribution system            |
| PRC  | People's Republic of China            |
| SEZ  | special economic zone                 |
| UN   | United Nations                        |
| WFP  | World Food Program                    |

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# I. INTRODUCTION

## A. IMPORTANCE

Over the last several decades, the North Korean economy has existed in a steady state of decline, beginning in the 1970s and reaching peak disaster in the late 1990s and early 2000s. Despite this situation, and in defiance of many expert predictions, the Kim family regime has been able to maintain its iron grip control over the reclusive country. As the Cold War came to an end, the regime watched a large portion of the Soviet and Chinese aid pool dry up, feeding into the 1995 economic collapse and great famine that cost hundreds of thousands of North Korean lives. The situation today is hardly any better, with the majority of the population malnourished, without legitimate work, and lacking the basic necessities of life. While Pyongyang offers a view of success, the country outside the capital is a much different situation. Victor Cha writes that even in Kaesong, the second-largest city, “apartment dwellings not only have no heat, they have no windows[, and o]utside the city, farmers use old and diseased oxen to till the land.”<sup>1</sup> Additionally, as of 2009, the World Food Program estimated that approximately one-third of children under five and women suffered from malnourishment and anemia.<sup>2</sup> Despite these conditions, and the disregard for effective economic policy-making, there has yet to be a challenge to regime’s right to rule the country. Why, despite the economic despair over the course of decades, has the Kim Il-sung legacy managed to survive to its third generation? What role has economic performance historically played in establishing and maintaining North Korean regime legitimacy from the beginning of Communist control under Kim Il-sung to the present day state under Kim Jong-un? In considering this role, what predictions can be made about future regime survival under current economic conditions and what possibility exists for the regime to undertake true economic reform?

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<sup>1</sup> Victor Cha, *The Impossible State: North Korea, Past and Future* (New York: HarperCollins, 2012), 165.

<sup>2</sup> *Ibid.*, 198.

Examining the role of economic policy and performance in regime legitimacy provides a better understanding of this insulated country. First and foremost, by looking at the regime's legitimacy in a historical context, a better understanding of how Kim Il-sung consolidated his power can be garnered as well as an explanation as to why policy decisions were made that allowed the country to reach the situation it is in today. Understanding the level of importance the regime has historically placed on economic performance will allow policy makers from the international community to better predict how effective economic sanctions will be in forcing change. Additionally, by answering this research question, further insight can be given to the possibility for the new leadership under Kim Jong-un to take meaningful steps toward a China-modeled policy of economic modernization. Finally, this topic will examine the potential outcomes in the context of regime survival in the face of the emerging underground capitalist system.

In order to better assess economic performance and its role in North Korean regime legitimacy, attention must first be given to scholarship on political economy in the general sense. By looking at what existing scholarship says about the relationship between political economy and regime legitimacy, key themes and critical debates can be identified. Applying these themes to the specific case of North Korea serves two purposes. First, political economy scholarship can offer possible explanations as to why the regime has made the economic decisions it has, providing further clarity to the role of economic performance in regime legitimacy. Additionally, the case of North Korea may also serve to shed light on key debates as well as credit likewise discredit the major themes in the scholarship. With this in mind, it is important to first look at the broad subject of political economy before addressing the specifics of North Korea's economic decisions and the source of the regime's power.

## **B. PROBLEMS AND HYPOTHESES**

The major puzzle motivating this thesis is that the North Korean regime has survived without major political dissent despite extremely poor economic performance and, in numerous instances, self-imposed economic disaster. North Koreans, as in most cases, worry about economic performance, at the very least to the extent that they depend

on the state to provide for basic needs. Despite this, the regime has felt little public backlash even as factories shutdown and the Public Distribution System for food failed, leaving many to starve. In addition, the regime has appeared to inexplicably continue its isolationist, security-first policies in the face of growing international pressure and in an environment where countries are increasingly interconnected through foreign trade. The North Korean economy has suffered greatly from the regime's approach, yet the power structure remains intact. What has made it possible for the regime to not blink while watching its greatest supporters, the Soviet Union and China, both undergo dramatic political-economic modernization as well as normalize relations with the United States?

Several hypotheses offer potential answers to the core question examined in this thesis. Historical evidence would suggest that economic performance was not utilized as a source of legitimacy in the early years of Kim Il-sung and his rise to power. By not making the economy a point of emphasis for regime legitimacy, Kim Il-sung was able to consolidate power in a manner that would insulate him and future leaders from any economic issues that may arise. Bruce Cumings supports this hypothesis when he writes of the source of legitimacy, "After every other characteristic attached to this regime...it is first of all, and above all, an anti-Japanese entity run by the most hoary-minded nationalists in the world."<sup>3</sup>

With the regime's power not linked directly to economic growth, the results of bad policy can be attributed to things such as abandoning true socialist ideology rather than poor leadership. This is evidenced by the possible return to its old ideological ways. Victor Cha argues that the future of the North Korean economy will be guided by political ideology, writing that the "neojuche revivalism characterizes the economic reforms of the mid-1990s to mid-2000s as a temporary straying from the core ideology."<sup>4</sup> If this is the case, then it can be expected that economic sanctions such as the current ones imposed by the United Nations will have little impact other than to further hurt

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<sup>3</sup> Bruce Cumings, "Why Did So Many Influential Americans Think North Korea Would Collapse," in *The Survival of North Korea: Essays on Strategy, Economics and International Relations*, ed. Suk Hi Kim, Terence Roehrig, and Bernhard Seliger (Jefferson, NC: McFarland, 2011), 57.

<sup>4</sup> Cha, *The Impossible State*, 153.

innocent civilians and give additional fuel to the regime's *juche*, or self-reliance, ideology.

It is possible, however, that economic performance has played a larger role in regime legitimacy than history would lead us to believe, but still only serving as one of several sources. In this case, regime survival could be explained by the idea that the negative impacts of poor economic performance have been mitigated by these other sources of regime power such as nationalism and propaganda. Scott Snyder writes that the "North Korean leadership has used totalitarian methods of political mobilization to maintain control despite the breakdown of the economic system."<sup>5</sup> Byman and Lind echo this argument when they discuss the regime's use of propaganda to create a story in which, "The North Korean narrative depicts South Koreans as contaminated by association with the impure Americans and as *juche*'s mirror image—servile flunkies to American masters."<sup>6</sup> In this line of thinking, life may be difficult in North Korea, but it is even worse in the capitalist puppet-state of South Korea where American soldiers harass women and run over South Korean children.<sup>7</sup> If this hypothesis is true, then it is possible that by effectively attacking the other sources of power, the veil could be lifted off of the true state of the economy, exposing the regime to the blame it deserves.

A third hypothesis exists that views the economy as a method of control for the regime and takes into consideration the underground free markets that are continuing to emerge out of the economic collapse of the mid-1990s. As with the first hypothesis, economic performance has played little role in the historical legacy of the Kim family regime and its claim to power, allowing the regime to survive turmoil that would bring almost any other authoritarian rule to an end. Instead, the regime treated economic institutions and policies as an extension of its authoritarian control over society. In doing

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<sup>5</sup> Scott Snyder, "North Korea's Challenge of Regime Survival: Internal Problems and Implications for the Future," *Public Affairs* 73, no. 4 (2001) 533, <http://www.jstor.org/stable/2672442>.

<sup>6</sup> Daniel Byman and Jennifer Lind, "Pyongyang's Survival Strategy: Tools of Authoritarian Control in North Korea," *International Security* 35, no. 1 (2010): 53–54, <http://www.jstor.org/stable/40784646>.

<sup>7</sup> B. R. Myers, *The Cleanest Race: How North Koreans See Themselves—And Why It Matters*, (Brooklyn: Melville House, 2010), 170.

so the leadership created a society dependent on the state and was able to fuel the narrative that Kim Il-sung was a fatherly leader for the Korean people. In this context, maintaining actual growth has not been important, only upholding the image that society receives all it needs to live from the regime matters. By placing little emphasis on developing the economy, however, the regime has forced the people to take matters into their own hands and thus capitalism has found its way across the borders. Victor Cha and Nicholas Anderson write that, “in search of food and opportunity, North Koreans began risking life and limb to cross the border with China by the thousands.”<sup>8</sup> As the international community continues to pressure the regime with sanctions, and the regime continues to defy these sanctions, the North Korean citizens will continue to be pushed into individualism, free enterprise, and less reliance on the state. As Cha and Anderson note, free markets have become the reliable means of survival in North Korea and these “markets create entrepreneurship, and entrepreneurship creates an individualist way of thinking alien to the government.”<sup>9</sup> If this case is true, the regime’s demise could very well be at its own hand as the forces of underground capitalism continue to collide with staunch authoritarianism and the leadership loses its reach into society and control over the people. As will be discussed in greater detail in the conclusion, the continuing growth of the illegal free markets displays a new level of disobedience towards the regime and its rigid policies. With this disobedience—and the corruption it requires to continue—the regime could become weaker, opening it up to outright challenge. While the evidence found in this research offers a degree of support for each of these hypotheses, it is this third one that has the strongest case.

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<sup>8</sup> Victor D. Cha and Nicholas D. Anderson, “A North Korean Spring?” *The Washington Quarterly* 35, no. 1 (2012): 15, <http://dx.doi.org/10.1080/0163660X.2012.641728>.

<sup>9</sup> *Ibid.*, 16.

## C. METHODS

This thesis will primarily be a historical case study of North Korea and the Kim regime, with a comparative element in terms of two distinct time periods. The focus will be on looking at the methods Kim Il-sung used to establish his power at the beginning and how this hold on leadership has been perpetuated throughout North Korea's contemporary history. The first time period to be covered will look at 1949 until the early 1990s, examining the critical beginning of the regime, how it established legitimacy, and the economic policies it pursued. In the second time period, the thesis will look at the early-1990s until the present day, and in doing so will examine the effects of the decisions made in the first thirty years. Dividing the North Korean timeline in such a matter builds a causal analysis, with the beginning of the rapid downturn of the economy serving as the transition point between the two. The economic policy decisions made by the regime will be analyzed. In this analysis, the arguments of political economy scholarship as discussed in the literature review will be used to offer deeper explanation as to why the regime made the decisions it did. The intention of this analysis is to provide evidence to the thesis that economic performance has little importance in regime legitimacy in North Korea as well as to understand how the state devolved into the situation that exists at present. Analyzing the decisions that were made and the source of legitimacy will develop better understanding of how the international community should approach the North Korea issue and how the bottom-up marketization could impact the regime's future.

While most of the writing will focus on North Korea, comparative methods will be used in some instances to illustrate different paths that have been taken by North Korea's neighboring states. A separate comparative case study will be offered for each of the two time periods addressed. In the first time period, the case of South Korea under Park Chung-hee offers comparison as a politically extractive regime that was able to enhance economic growth for the benefit of the entire state. Likewise, the comparison for the second time period will focus on China as an example of a similar political system that implemented meaningful reforms under Deng Xiaoping to recover from poor economic decisions of the past and followed a different path to legitimacy.

Additional literature focused on these case studies will be used in order to make these comparisons. All sources used will be secondary and open-source material. With a case study like North Korea, it is important to understand that it is not possible to say with 100 percent accuracy what constitutes the true situation. Through information garnered from defectors and limited glimpses inside the closed off country, scholars and journalists have built a good knowledge base but it is hard to be confident about the inner workings of the regime and the North Korean society as a whole. With these caveats, this thesis aims to pull from resources that utilize widely accepted arguments on how the regime works, what has driven its survival, and the social and economic situations that have developed as a result.

#### **D. THESIS OVERVIEW**

As the research question calls for a look at the development of regime legitimacy, it is best to address the answer in terms of the key periods of the regime itself. By breaking up the thesis in this manner, the question can be looked at in terms of initial power consolidation, perpetuation of the regime to the present, and what it could mean for the future. The remainder of this thesis will consist of a literature review, two major empirical chapters, and a conclusion chapter, with more details as follows.

Chapter II will be a two-part literature review grounding the thesis. The first part will look at general scholarship on the relationship between political economy and regime legitimacy. The second part of this review will look at case specific literature that discusses not only the North Korean issue, but also that of other East Asian powers—more specifically China, Japan, and South Korea. By studying these additional cases, comparisons can be offered to the North Korean example for further discussion in the remaining chapters.

Chapter III will be the first of the two major empirical chapters. This chapter will look at the time period of the establishment of the regime under Kim Il-sung following WWII up through the early 1990s. The time period covered is both the initial creation of regime legitimacy as well as the economically productive times of the North Korean society. In this chapter, the South Korea case will offer an effective comparison of how

that country, under the authoritarian leadership of Park Chung-hee, chose a much different path with much different economic results. In this light, the South Korean perspective will offer contrast as an example of an extractive political institution that used its political power to seek economic prosperity as a priority. As such, the evidence presented in this chapter will help to create an understanding of the economic decisions made in both this time period as well as in the time period covered by Chapter IV.

Chapter IV will focus on the time period of the early 1990s up to present-day North Korea, covering the downturn of the economy and the passing of state control from founder to son to grandson. The comparison for this chapter will briefly look at South Korea as its divergent economic path converges with a political one, leading to eventual democratization. Picking up where South Korea left off, the majority of the comparisons for North Korea during this time period will focus on post-Mao China and the reforms made under Deng Xiaoping, providing a second example of an extractive political regime that placed economic prosperity at the forefront. Additionally, this chapter will continue to focus upon the sources of legitimacy established in Chapter III to help explain how the regime survived such a tumultuous time in its history. In doing so, this chapter will provide further evidence to the research question's answer, helping to solidify the relationship between economic performance and regime legitimacy. Additionally, this chapter will help to answer why the economic decisions were made and how these choices led to the situation that exists today.

The conclusion will look at the time present day and into the future. The focus of this chapter will be on using the historical legacy of the regime to predict its future and attempt to answer the issues generated by the research question. The conclusion will seek to answer what the policy and scholarship implications are with regard to the North Korean case. It will be used to take the present day situation and explain how it could impact the regime's survival if current policies are maintained. In this context, what possibility exists for methods such as economic sanctions and offers of foreign investment to have a genuine impact on Politburo policy? If the source of legitimacy is elsewhere, how does the international community open up the country and persuade North Korean leaders that economic modernization is in their best interest? Is it possible

that the new regime recognizes the danger of the situation as it exists today and is willing to pursue growth rather than military strength? The conclusion will explore how the growing underground capitalist movement allows society to pursue individual means of survival and establish personal wealth. To this end, the conclusion will examine how this movement could impact the regime's societal control and break down the foundation of Kim family rule.

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## **II. LITERATURE REVIEW**

### **A. INTRODUCTION**

The focus of my thesis and research question is to understand the importance placed on economic performance for establishing and maintaining the North Korean regime legitimacy. Before answering this question, however, a step back must be taken with a broader look at the subject of political economy. To better understand the policy decisions made by the North Korean authoritarian leadership, a general understanding must be had of what existing scholarship says about political economy and economic performance and their relationship to regime legitimacy and regime stability. In looking at the evidence of the North Korean case, an easy conclusion could be that the regime and/or its people do not place a premium on the need for economic modernization in order to maintain its position. The deeper, and in some regard more important question, however, is why the regime places such a low priority on economic growth. Studying current political economy scholarship on the broader issue will help to provide an answer to the how and why of North Korea's economic policy decisions.

In discussing the relationship between economic performance and regime legitimacy, the political economy scholarship addresses the role of incentives in decision-making, the impact that foreign aid has in incentivizing political leaders, the importance of institutions, and the need for external forces to break an authoritarian regime out of predatory practices. In addition to these agreed-upon themes, there is a long-standing scholarly debate on whether authoritarianism or democracy is better for economic growth. Discussing each of these arguments will provide ways to further explain the individual case of North Korea, the decisions the regime has made, and how the situation has developed into what it is at present day.

## **B. KEY THEMES IN THE POLITICAL ECONOMY SCHOLARSHIP**

### **1. Elite Incentives**

In trying to understand the economic policy decisions of political leaders, a heavy importance is placed on looking at the incentives that those leaders face to choose one path or the other. When individuals seek to make decisions, they often give more consideration to the choice with the better payout. So, too, is this true for political regimes. The issue of incentives rears its ugly head especially when dealing with authoritarian regimes such as in North Korea. With no real checks on political power, these regimes lack incentive to seek economic performance that will benefit the country as a whole and rather look to use the position of power to seek personal gain and wealth. Without risk to political survival, political elites can be best viewed as predators who lack the incentives to pursue economic progress. In these cases the costs of predation will not outweigh its benefits in the eyes of the leaders.<sup>10</sup> While the autocrat has incentive to ensure his country is productive he also has incentive to extract the most out of his society for personal gain.<sup>11</sup> While the roving bandit, or economic predator, may settle down as Bates states, Olson remarks that “The same rational self-interest that makes a roving bandit settle down and provide government...also makes him extract the maximum possible amount from society for himself.”<sup>12</sup> Bates writes that “The political roots of development productively join with the economic when specialists in violence realize that they can best survive and prevail by promoting the prosperity of their economic base.”<sup>13</sup>

The unfortunate reality, however, is that most authoritarian regimes ignore this basic idea, and as Acemoglu and Robinson argue, the draw of the extractive system is too difficult to overcome. Through this system, the political elite at the top holds the wealth

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<sup>10</sup> Robert H. Bates, *Prosperity and Violence: The Political Economy of Development* (New York: W. W. Norton, 2010), 87

<sup>11</sup> Mancur Olson, “Dictatorship, Democracy, and Development,” *The American Political Science Review* 87, no. 3 (1993): 569. <http://www.jstor.org/stable/2938736> .

<sup>12</sup> Ibid.

<sup>13</sup> Bates, *Prosperity and Violence*, 85.

and power and the incentive is to remain in power regardless of its impact on the state's economy. The result of this system is the vicious cycle, as the authors refer to it, and in this process the extractive political institutions lead to extractive economic institutions, enriching the few at the expense of many.<sup>14</sup> This line of thinking seems counterintuitive to rational thought—the better a state performs economically the more there is to draw from—but the nature of an authoritarian regime is to utilize its position of unchallenged rule to accrue wealth while it still holds the power. By giving absolute political power to an individual or small group of elites, these leaders are given the tools of oppression and abuse.

## 2. Aid and Incentives

Further complicating the issue of incentivizing regimes is the modern-era concept of foreign aid. Although foreign aid is given with good intentions, its distribution creates a major hurdle for true reform in an authoritarian regime. Aid offers a scapegoat of sorts, a way for regimes to cover up the impact of poor economic decisions. The ability to seek assistance from other states removes the incentive to create good economic policy. As Bates writes, following World War II foreign aid created a situation where, “development was no longer a precondition for survival in the international arena; poor states remained intact,” and leaders found it more important to negotiate with other states than with their own citizens.<sup>15</sup> In this new international context, the possibility of foreign aid allowed political leaders to seek assistance from rich, industrial nations rather than finding ways to strengthen local economies through domestic policy.<sup>16</sup> Bates' claim is evidenced by the case of North Korea. In the early years of the regime large amounts of aid from China and the Soviet Union propped up the economy and allowed the leadership to pursue a policy of self-reliance and military first. These bad economic decisions

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<sup>14</sup> Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (New York: Crown, 2012), 343.

<sup>15</sup> Bates, *Prosperity and Violence*, 66.

<sup>16</sup> *Ibid.*, 63.

culminated with the economic collapse and famine of the mid-1990s, and foreign aid was there to relieve pressure from the regime.

It is important to note that the scholarship on this issue is not advocating the ceasing of foreign aid, but rather addressing the issues with its disbursement and the complications when dealing with an authoritarian regime. In these systems, foreign aid becomes a source of income for the regime and an enabler of bad policy. Knowing the difficulty of ignoring the humanitarian call to assist those without, autocratic leaders are confident that the aid will continue to flow without consequences being enforced. Haggard and Noland support this idea when they write that “as is true in any aid game, the North Korean government sought to maximize flows of aid while limiting the conditions attached to it.”<sup>17</sup> By ignoring demands for more transparency, aid in North Korea “That goes to market has some positive effects but is also contributing to the creation of a privileged class of state-sector entrepreneurs and their allies and an increasingly stratified society.”<sup>18</sup> In these situations, foreign aid helps to fill the void created by an extractive economic system, and in doing so helps to keep the elite on their thrones and quiet any discontent among the populace.

### **3. Institutional Capacity and Design**

As is the case with many relationships, the one between political economy and regime legitimacy is not a simple one. While creating the right incentives and conducting meaningful aid reform is a start, as the scholarship discusses, it is not enough to correct the issue of development. Political economists also address the need for strong, effective institutions for meaningful economic progress to be made. Evans writes that “the most effective states are characterized by embedded autonomy, which joins well-developed, bureaucratic internal organization with dense public-private ties.”<sup>19</sup> Acemoglu and

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<sup>17</sup> Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007), 80.

<sup>18</sup> *Ibid.*, 229.

<sup>19</sup> Peter B. Evans, “Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State,” *Sociological Forum* 4, no. 4 Special Issue: Comparative National Development: Theory and Facts for the 1990s (1989): 581, <http://www.jstor.org/stable/684425>.

Robinson echo this when they observe that in Colombia, “Lawlessness and insecure property rights are endemic in large swaths of the country, and this is a consequence of the lack of control by the national state...and the particular form of lack of state centralization in Columbia.”<sup>20</sup> A strong state both effectively implements policy and instills confidence in the public. As Olson remarks, “[People] need a secure government that respects individual rights[, and] individual rights are normally an artifact of a special set of government institutions.”<sup>21</sup> Marking the difference between strong and weak state capacity, Evans provides the examples of the former Zaire and Japan. In Zaire, he writes, “The combination of weak internal organization and individual external ties produce[d] an incoherent absolutist domination,” while in Japan, “the administrative apparatus that oversaw Japan’s industrial transformation was as impressive as the transformation itself.”<sup>22</sup>

More than just strong institutions, however, the need is also for the correct form of institutions—and it is the lack thereof that remains a persistent problem in authoritarian regimes. As Acemoglu and Robinson discuss, it is the difference between inclusive and extractive institutions that determines whether or not wealth is used to increase political power or pursue economic development.<sup>23</sup> In dealing directly with North Korea they write that “The Communist economic institutions were in turn supported by extractive political institutions, concentrating all power in the hands of the Communist parties [with] no constraints on the exercise of this power.”<sup>24</sup> As the scholarship shows, development needs a strong state apparatus that has both the capacity and intent to pursue economic growth. Even a regime with the correct intentions will struggle to succeed if it does not possess the ability to both effectively garner public trust in the system and implement economic policy decisions.

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<sup>20</sup> Acemoglu and Robinson, *Why Nations Fail*, 383.

<sup>21</sup> Olson, “Dictatorship, Democracy, and Development,” 572.

<sup>22</sup> Evans, “Predatory, Developmental, and Other Apparatuses,” 571; *Ibid.*, 572.

<sup>23</sup> Acemoglu and Robinson, *Why Nations Fail*, 383.

<sup>24</sup> *Ibid.*, 390.

#### 4. Pressures for Reform

While the discussions above and the existing scholarship would agree that it is easy for an authoritarian regime to become a predatory state, not all hope is lost. The caveat with this claim, however, is that while breaking the cycle is not impossible, it is also not easy. Political economists agree that in most situations an external shock or a degree of external pressure is needed to push the regime in the direction of reform. To break vicious cycles, Acemoglu and Robinson note, takes “Either some preexisting inclusive elements in institutions, or the presence of broad coalitions leading the fight against the existing regime, or just the contingent nature of history.”<sup>25</sup> Bates adds to the argument that external shocks such as that of the Soviet Union collapse compounded with the debt crisis led to changes in economic policy and to the restructuring of politics in the developing world.<sup>26</sup> While this has truth in many cases in the developing world, the North Korean regime has shown more resilience than many experts predicted. The question to then answer is why this is the case, further pointing to the fact that changing a regime’s path is not a simple task. Acemoglu’s and Robinson’s broad coalition offers a way in which domestic forces external to the regime could mount pressure to force the leadership to change, but as Olson notes, it is a mistake to assume that the masses will simply overthrow a brutal autocrat. He argues that “Historical evidence...indicates that resolute autocrats can survive even when they impose heinous amounts of suffering upon their peoples[, and] when they are replaced, it is for other reasons...and often by another stationary bandit.”<sup>27</sup> With North Korea as a prime example, the task of breaking the predatory cycle has thus proven to be a difficult one. Further exploring the how-to of altering a regime’s extractive practices offers a chance to develop new approaches to handling the North Korea question.

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<sup>25</sup>Acemoglu and Robinson, *Why Nations Fail*, 402.

<sup>26</sup> Bates, *Prosperity and Violence*, 71.

<sup>27</sup> Olson, “Dictatorship, Democracy, and Development,” 573.

## 5. Regime Type

Out of the agreed upon themes of political economy scholarship arises a major debate, one that has been alluded to already in this literature review. Which regime type is better for development, authoritarian or democratic? The argumentation outlined above leads to a quick answer that authoritarian regimes stunt economic growth in the name of personal gain and therefore democracies are better. Przeworski and Limongi would caution against this conclusion, writing that “It does not seem to be democracy or authoritarianism per se that makes the difference but something else.”<sup>28</sup> In their opinion, the relationship between politics and economics is about more than just regime type and is a topic that must be examined further. Operating on the other end of this debate, Chalmers Johnson, with his developmental state model, would argue this is not entirely true. In this model it was the soft authoritarian regimes in states like Japan, South Korea, and Taiwan that allowed them to make the tough economic decisions to spark growth. In being shielded from the political fallout of such decisions, these regimes were able to place economic development at the forefront of all policy discussion.

Many scholars argue, however, that the fact that these regimes were successful does not tip the scale in favor of authoritarianism. First, it must be recognized that these regimes were “soft-authoritarian” and not true autocratic regimes. These quasi-autocratic governments provided long-term political stability necessary to pursue “a set of economic priorities that seems unattainable under true political pluralism,” while also practicing, “Some self-imposed restrictions on the scope of power of the ruling party.”<sup>29</sup> Second, it is possible for predatory states to experience growth—Acemoglu and Robinson argue as much—but the real debate is on true sustained development. Is it just a coincidence that Japan, South Korea, and Taiwan are now all democratic states? Acemoglu and Robinson

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<sup>28</sup> Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth,” *The Journal of Economic Perspectives* 7, no. 3 (1993): 65, <http://www.jstor.org/stable/2138442>.

<sup>29</sup> Chalmers Johnson, “Political Institutions and Economic Performance: The Government-Business Relationships in Japan, South Korea, and Taiwan,” in *The Political Economy of the New Asian Industrialism*, ed. Frederic C. Deyo (Ithaca, NY: Cornell University Press, 1987), 137; Minxin Pei, “Constructing the Political Foundations of an Economic Miracle,” in *Behind East Asian Growth: The Political and Social Foundations of Prosperity*, ed. Henry S. Rowen (London: Routledge, 1998), 50.

note that pluralism supports the idea of rule of law, a concept impossible under a monarchy, and this in turn feeds inclusive economic institutions.<sup>30</sup> Olson supports this argument when he writes that the conditions that create a lasting democracy also encourage economic development.<sup>31</sup> Authoritarian insulation may enable tough decisions to be made, but as Olson remarks, “Democratic political competitions...[do] not give the leader of the government the incentive that an autocrat has to extract the maximum...surplus from the society[.]”<sup>32</sup> By making themselves answerable to society, inclusive political institutions have a much greater incentive to pursue effective policy to establish their legitimacy and right to rule. As inclusive economic and political institutions are deeply connected, it is clear that political legitimacy is reliant on economic performance in these types of systems. Additionally, as Robert Bates states, “The creation of parliamentary forms of government creates incentives for those who possess power to employ it in the interests of those who possess wealth.”<sup>33</sup> The danger with a true authoritarian regime is that those who possess the political power also possess the economic wealth. In creating a system in which a few acquire the political and economic wealth of the state, extractive regimes have little need to pursue policies that develop true legitimacy. Under these regimes, meaningful legitimacy can easily be replaced by coercive strength, making shared growth far less important than the ability to buy off the right support. There exists evidence to support both sides of this debate, but the correct answer depends more on the arguments discussed in the previous paragraphs than on simply which regime type is better. To this end, the answer becomes more about which regime type has the greater incentives for development and the better chance to develop meaningful institutions to pursue growth.

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<sup>30</sup> Acemoglu and Robinson, *Why Nations Fail*, 333.

<sup>31</sup> Olson, “Dictatorship, Democracy, and Development,” 572.

<sup>32</sup> *Ibid.*, 571.

<sup>33</sup> Bates, *Prosperity and Violence*, 89.

### **C. APPLYING THE POLITICAL ECONOMY SCHOLARSHIP TO NORTH KOREA**

This broad look into the themes of political economy scholarship has provided a set of tools to break down, analyze, and better understand the situation that exists inside the North Korean state. In gaining an understanding of the role that incentives and institutions play in a regime's policy decisions, a more critical explanation can be made of why the Kim regime made certain choices. What incentives did Kim Il-sung and his party elite have at the beginning and how have these incentives perpetuated throughout the generations? What sources of legitimacy has the Kim regime relied upon and how has the country's economic performance affected the regime's mechanisms for asserting and retaining control? What types of institutions exist within the state and does the leadership possess the apparatus necessary to implement reform if such a path were chosen?

Knowing how foreign aid in the modern era has impacted developmental decision-making provides an additional explanation of how the regime has been able to survive despite economic failure. Understanding the incentives of the regime and the fact that a broad coalition to force change domestically does not exist gives the international community a better idea of the external pressures that can be effective in forcing reform. Additionally, while no movement for political change exists, perhaps the emerging marketization provides an opportunity to create more economic inclusiveness and break Acemoglu's and Robinson's vicious cycle. Finally, a deeper look into the application of political economy scholarship to the North Korean case will provide more clarity to the debate of which regime type is better for sustained development. Just as the scholarship can be used to support arguments for the causes of the situation in North Korea, the case of North Korea will in turn provide further evidence for the political economy discussion. This thesis will explore these themes.

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### **III. THE PILLARS OF THE REGIME AND THE FOUNDATION OF FAILURE**

#### **A. INTRODUCTION**

As the War in the Pacific was drawing to a close—and with it the end of Japanese imperialism—the Korean peninsula emerged as a country divided. The Cold War between the Soviet Union and the United States was beginning to take shape and with this, Korea became a battleground between the two new world powers. The future of the two Koreas would be laid within this context. In South Korea, it was the United States that led the rebuilding process while in the north the support and influence flowed in from the Soviet Union and the newly communist People’s Republic of China. What initially began as an arbitrary line to divide responsibilities between the Allied Powers began to take on a new meaning. It began to represent a division of opposing ideologies, with contrasting political and economic systems topped by differing political leaders. While both regimes put in place were authoritarian in nature, very few other similarities can be found. The Korean War and its three years of fighting from 1950 to 1953 only served to reemphasize the differences between the two countries and further fortify the 38th Parallel. Left to their own devices, the leaders of North and South Korea—Kim Il-sung and Syngman Rhee, respectively—would pursue divergent paths for their countries. The courses of the two Koreas would diverge even more in the 1960s with the new authoritarian rule in South Korea under Park Chung-hee. Although Park’s tight control over South Korea resembled Kim’s hold on the north, Park utilized his control to spark industrial development in the relatively poor South Korea and actively pursued a policy goal to create economic growth and development. Park’s regime laid the foundation for one of East Asia’s great economic success stories, while on the other side of the Demilitarized Zone (DMZ) an economically advantaged North Korea slowly declined.

Handpicked by the Soviets and Stalin, Kim Il-sung—who was a relatively unknown commodity with little political experience—entered the North Korean spotlight in 1945 as the leader of the Soviet-founded Korean Worker’s Party. In this context, the young leader had to work quickly to establish his rule: as Cha writes, “Kim Il-sung

worked assiduously to consolidate his power once he took the reins of leadership in Pyongyang from the Soviets.”<sup>34</sup> Through political purging and a growing propaganda machine, Kim and his party officials created a narrative for both the leader and North Korea. This narrative became intertwined with the regime’s legitimacy and was founded on several elements. North Korean nationalism and anti-Japanese imperialism were at the root of the narrative and would evolve into a greater sense of self-reliance and general anti-colonialism. The concept of economic growth received little attention during this regime establishment phase. Economics mattered to the regime only in so much as was necessary to support the narrative and help to perpetuate the myth of socialism, militarism, and isolationism—and furthermore as a way to exercise control over the North Korean people. Economic prosperity intentionally took a back seat as the regime focused on other sources of legitimacy—ones that operated in direct conflict with the steps needed to pursue economic development. Byman and Lind note that with a regime like North Korea, a healthy economy is less important than the regime’s ability to continue to buy the support of the elite, enabling them to maintain their position of power.<sup>35</sup> This economics-last mentality was created in the very beginning and would perpetuate itself throughout the country’s trajectory.

## **B. CREATING THE NARRATIVE AND MAINTAINING THE STATUS QUO**

### **1. The Power of Nationalism**

Nationalism can be a valuable tool and a powerful unifying force, particularly in a place overcoming brutal imperial rule, and “nationalistic credibility is a particularly important form of regime legitimacy.”<sup>36</sup> Byman and Lind add that authoritarian regimes are known to use the existence of external threats to generate a sense of xenophobic nationalism to generate legitimacy.<sup>37</sup> The continuous presence of the U.S. on Korean soil and the experiences of Japanese imperialism made this an easier task in North Korea.

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<sup>34</sup> Cha, *The Impossible State*, 71.

<sup>35</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 60.

<sup>36</sup> *Ibid.*, 50.

<sup>37</sup> *Ibid.*, 64.

Korean pride is a peninsula-wide sentiment, and “Koreans on both sides are an extremely nationalistic people[,] emphasizing the unique ethnic homogeneity of the people.”<sup>38</sup> Koreans remember the fact that their peninsula has seen many invasions and at the end of World War II the memories of the brutal Japanese rule was still very fresh. The strong sense of nationalism elevated the anti-Japanese warriors to the spotlight and even in Syngman Rhee’s South Korea, “many Koreans-in-exile who returned to the country after 1945 joined the Korean Communist Party in the South as nationalists and patriots.”<sup>39</sup> From the very beginning of his rise to power, Kim Il-sung seized on these sentiments to help build his narrative and develop the source of legitimacy for his regime to not only run the north but also the future unified Korea. In this regard, the regime immediately rewrote the history books to create the new leader’s desired image. The authoritarian nature of the state and the control over information and education it possessed allowed for this to happen. Kim Il-sung was depicted as a great military leader who led successful campaigns to drive out the imperialist Japanese. This image was further enhanced with the historical recounting of the Korean War, a war in which the Great Leader heroically led the defense of the Fatherland from the U.S. aggressors. By twisting history and events, the regime was able to fuel its rise to legitimacy with nationalistic sentiments. Thus, “Regime mythology represents Kim Il-sung as a filial son of an anti-Japanese fighter, descended from a pantheon of revolutionary ancestors,”<sup>40</sup> a direct play to the nationalistic hearts of the North Korean people.

## **2. Creating the Man, Myth, and Legend**

The twisting of words and control of information was not used just to fuel nationalistic support for the regime. These methods were also used to create a cult of personality for Kim Il-sung that would eventually elevate him to god-like status. This factor would be a vital factor in helping to facilitate the unchallenged transfer of power within the family—first to his son and then grandson. Assuming the title of Great Leader,

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<sup>38</sup> Cha, *The Impossible State*, 35.

<sup>39</sup> *Ibid.*, 26.

<sup>40</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 52.

Kim Il-sung positioned himself as the supreme leader of North Korea and in doing so he removed all evidence of Soviet support and became the self-proclaimed founder of the Korean Worker's Party, Korea People's Army, and in essence the North Korean state. This status is evidenced today, where he is still the nation's Supreme Leader even after his death. His legacy as a leader of guerilla fighters was also used to create the idea that his claim to leadership was both rightful and as a result of his great military accomplishments. Chong-Sik Lee writes that "The image projected by official historians is that Kim...was the only Korean leader who had materially contributed to the liberation of Korea[.]" and by this virtue, "the mantle of power fell upon his shoulders naturally."<sup>41</sup>

Kim Il-sung was not only elevated as a great leader, however; he was also built up to be a parental figure for the North Korean people—a parent who willingly bore the responsibility of protecting his children from the dangers of the outside world. The image thus created for Kim Il-sung revolved around a filial ideal rather than a stern one. In doing so, "The state therefore created a narrative in which the job of the citizens was to work for and care for the mother (Kim), who was constantly toiling to provide for the family (state)."<sup>42</sup> This filial piety created a sentiment of reverence among the population towards Kim, helping to insulate the leader from any dissatisfaction with the political system. The regime used the Korean values grounded in Confucianism to build a deep sense of loyalty towards the leader just as a child would have towards their parents and in doing so created a sense of trust and belief that the regime would always do what was best for the people and would always work to provide the basic necessities of life. Doubting these facts would elicit a deep sense of guilt, thus giving Kim a tighter psychological control over the North Korea people. Kim Il-sung successfully transformed himself into more than just a leader. "For North Korea, this is a Stalinist age, and Kim is the all-conquering, all-wise hero to whom everyone must pay homage."<sup>43</sup>

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<sup>41</sup> Chong-Sik Lee, "Kim Il-Song of North Korea," *Asian Survey* 7, no. 6 (1967): 376, <http://www.jstor.org/stable/2642612>.

<sup>42</sup> Cha, *The Impossible State*, 75.

<sup>43</sup> Robert Scalapino, "The Foreign Policy of North Korea," *The China Quarterly*, no. 14 (1963): 34, <http://www.jstor.org/stable/651341>.

### 3. Juche: A Unique Ideology for a Unique Regime

Perhaps the most vital building block in the early path to legitimacy for the Kim regime was the ideology that Kim Il-sung created and utilized to support and explain state policy. In 1955, Kim Il-sung introduced the idea of juche, or self-reliance, as the guiding political ideology for the North Korean path to success and the socialist utopia. While it was not formally adopted as the sole guiding principle for the state until 1970, juche was very much employed in the early years for power consolidation and regime legitimization.<sup>44</sup> This ideology served as the bridge between nationalism and the cult of personality that had been created, developing into a political ideology unique to North Korea. Haggard and Noland write that, “North Korea ideology in fact combines a number of elements—extreme nationalism, Stalinism, even Confucian dynasticism—into a complex mix.”<sup>45</sup> A unique take on communist ideals, juche effectively defined mass collectivism in terms of Confucianism rather than traditional Marxist ideals.<sup>46</sup> This approach to socialism made it much easier for the regime to impress it upon the North Korean population—and in turn developed into the strong control an authoritarian regime needs over its people. The quick move to mass collectivization created a society dependent on the regime while the play on Confucianism created the sentiment that dependence was welcomed and necessary. Through this ideology, “Concepts of respect and hierarchy...worked very well for the control motives of the government,” and continues that “the masses would serve the state leader just as children would show filial piety to their parents.”<sup>47</sup>

The success of this ideology is aided by the control it provides and by the propaganda that is used to convince the people that nobody can be trusted. Cha writes that “Juche’s ‘self-reliance’ did not mean autarky, but independence and freedom from

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<sup>44</sup> Cha, *The Impossible State*, 38–39.

<sup>45</sup> Haggard and Noland, *Famine in North Korea*, 4.

<sup>46</sup> Cha, *The Impossible State*, 40–41.

<sup>47</sup> *Ibid.*

the pressures and influence of external powers.”<sup>48</sup> Additionally, as Byman and Lind note, “It prescribes citizens to use creativity and independence to build a thriving society, so North Korea can protect itself from its capitalist enemies.”<sup>49</sup> For an easy example of what could happen if this ideology was abandoned the regime simply had to point to the south. South Korea in the 1950s and 1960s offered a stark case study to present to the North Korean population about the dangers of outsiders. While the entire Korean peninsula suffered from the destruction of the war, the South had a much more difficult time with the rebuilding efforts at the beginning. The North was quickly redeveloping its industrial infrastructure while, “By comparison, the South’s struggling agrarian economy could barely get off the ground despite large amounts of foreign-development assistance, mostly from the United States.”<sup>50</sup> Under the Syngman Rhee regime, the South Korean economy saw almost no growth and from 1953-1961 the average per capita GNP grew by just one percent, topping out a \$100 in 1961.<sup>51</sup> Rhee’s authoritarian rule, while tolerated by the U.S. as a better alternative to communism, was fraught with political and economic corruption. More concerned with staying in power, the elder leader concentrated his power on pushing out the opposition and buying off support. Under Rhee’s highly patrimonial system, “Seven years of spiraling corruption undermined rational functioning of the state bureaucracy, while ineptitude and venality became palpable to the educated populace.”<sup>52</sup> The Kim regime in North Korea pointed to the economically disadvantaged South Korea and attributed the situation to the fact that the United States and other capitalist outsiders were allowed in and were freely imposing their imperialistic will on the population. When Park Chung-hee came to power he quickly placed economic development as a top priority, yet he faced an uphill battle. By contrast, at the time, Park had to contend with a North Korea, “that was fulfilling the social contract, providing for

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<sup>48</sup> Ibid., 39.

<sup>49</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 52.

<sup>50</sup> Cha, *The Impossible State*, 26.

<sup>51</sup> John Lie, “Aid Dependence and the Structure of Corruption: The Case of Post-Korean War South Korea,” *International Journal of Sociology and Social Policy* 17, no. 11 (1997): 48, <http://search.proquest.com/docview/203674050?accountid=12702>.

<sup>52</sup> Ibid., 65.

its people, and anti-imperialist/nationalist (meaning anti-Japan) in its political stance.”<sup>53</sup> In a time when political economy was thought to favor socialism as key to economic growth, Park had to “demonstrate the effectiveness of a non-communist path to industrialization and military security.”<sup>54</sup>

It is important to recognize that while the *juche* policy was very strict in regard to adherence by the population, it had a level of policy flexibility built into it. This flexibility allowed the regime to explain policy decisions and justify the contradictions that these policies posed to the ideology itself. A prime example of this is the justification for dependence on Soviet and Chinese aid: this aid still fell under *juche* guidelines because “it was doing what was good for Korea.”<sup>55</sup> Byman and Lind write that with nationalism, “Leaders dodge responsibility for country’s problems by decrying foreign machinations...and use [foreign] enemies to justify high military budgets.”<sup>56</sup> These same principles were used to perpetuate the *juche* mentality—and to great effect.

#### **4. Strength versus Legitimacy: A Means to Ensure Control**

In examining authoritarian regimes a distinction must be made between regime legitimacy and regime strength. Often times these characteristics are mistakenly considered one and the same. Yet a regime can be strong without having recognition as a legitimate authority by the majority population. An example of this idea is present day Syria and the on-going struggle between the current leadership and the rebel groups. In this situation, President al-Assad has been able to maintain his position despite large portions of the population denouncing his right to rule the country. The leadership in this case possesses the strength of military support and thus has been able to remain in power. Likewise it is possible for a regime to be recognized as legitimate—even revered—by most within the country but still be incapable of exercising total control, a sign of

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<sup>53</sup> Cha, *The Impossible State*, 26.

<sup>54</sup> Hilton L. Root, “Distinctive Institutions in Industrial Asia,” in *Behind East Asian Growth: The Political and Social Foundations of Prosperity*, ed. Henry S. Rowen (London: Routledge, 1998), 67.

<sup>55</sup> Cha, *The Impossible State*, 41.

<sup>56</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 50.

weakness in autocracies. The situation in Colombia serves to illustrate this second scenario. In this case, the government is widely accepted as legitimate by the Colombian populace but it lacks the centralized capacity to exercise effective control in the areas on the periphery. In Colombia, “Though the state is able to provide security and public services in large urban areas such as Bogotá and Barranquilla, there are significant parts of the country where it provides few public services and almost no law and order.”<sup>57</sup> This latter situation will be discussed in greater detail in the next chapter. For much of the North Korean regime under both Kim Il-sung and his son Kim Jong-il these two characteristics, legitimacy and strength, were intertwined and operated in close linkage with one another. To develop his legitimacy, Kim Il-sung used the strength garnered from his war legacy—both real and fabricated—and from the fact that he was chosen by the Soviets. This recognition, in turn, brought more strength both in the form of benevolent following and an emerging practice of coercive leverage. By developing more strength and freely demonstrating the willingness to use his extensive reach into society, Kim Il-sung was able to enact the policies he wanted, push the spread of socialism, and implement the ideology that would be used to further legitimize his authority. Thus a continuous feedback circle was built between regime strength and legitimacy with each feeding into one another and working together to produce a legitimate leadership with the capacity to reach down to the individual citizen with great effect.

Earlier in this chapter, I discussed the cult of personality that created a parental image of Kim Il-sung to encourage North Koreans to follow his guidance as a child would a parent; however, it was not all done through willing obedience. As is the case with most authoritarian regimes the use of force—and merely just the threat of it—created a very real reminder to every North Korean of what would happen should they choose to go against the party, the regime, and the socialist revolution. With the foundation of his legitimacy established, the use of coercive strength developed into an effective tool to further control the North Korean people. While the narrative and propaganda was used to establish the legacy of Kim Il-sung, coercion became a

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<sup>57</sup> Acemoglu and Robinson, *Why Nations Fail*, 382.

supplementary tool to further ensure obedience and adherence to regime policy. Totalitarian regimes are not hesitant to punish dissenters whether it is through execution, disappearance, or exile to gulags. These regimes also typically punish more than just the guilty individual, seeking out family members for punishment.<sup>58</sup> North Korean control tactics illustrate this thinking perfectly. As Cha remarks, “[The North Korean regime] severely punishes with physical and mental abuse any perceived violation of laws, without any juridical fairness.”<sup>59</sup> This punishment started from the beginning, with Kim Il-sung working quickly to purge all political opposition from North Korea, so that by 1956 his successful campaign had cleared the way to allow him to rule North Korea with uncontested authority.<sup>60</sup>

Subsequently, too, the leadership developed a system of harsh punishments to encourage party and regime loyalty. Minor offenses could be punished with a stint of reeducation while the most serious infractions resulted in immediate execution. “Dissent is detected through an elaborate network of informants working for multiple internal security agencies,” write Byman and Lind.<sup>61</sup> To add to the level of fear, Kim Il-sung enacted a “three generations policy” under which, “Parents, spouses, children, aunts, uncles, and cousins may be punished [as a result of an individual’s wrongdoings].”<sup>62</sup> In addition to relying upon the state-run agencies, Kim Il-sung began the practice of using his socialist indoctrination process to not only educate all that communism was the path to utopia but also to instill a sense of duty in every citizen. In this regard he successfully created a society in which everybody and anybody could be a spy for the regime, reporting the misdeeds of neighbors and family alike. This method created a sense of distrust amongst everyday North Koreans and thus ensured that no anti-regime thoughts could spread across a community. Nobody dared speak to a neighbor or friend about dissatisfaction for fear of ending up in one of the gulags. These gulags, originally

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<sup>58</sup> Ibid., 56.

<sup>59</sup> Cha, *The Impossible State*, 163.

<sup>60</sup> Lee, “Kim Il-Song of North Korea,” 379.

<sup>61</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 57.

<sup>62</sup> Ibid., 58.

devised to hold those victims of the political purge that were not executed, became a symbol of the dangers of dissent and the harshness of the Kim regime.

While this fear tactic and the extensive use of internal watchers were extremely successful in building the regime's capacity to control the people—an effective ability to utilize the strength of coercion—, Kim Il-sung applied an additional tactic to further protect himself from threats within the party elite itself. Byman and Lind argue that “Aside from a popular revolt, authoritarian regimes may be unseated in a coup d'état by members of the military or the government.”<sup>63</sup> Indoctrination of the people and the threat of punishment had worked to secure the common members of the working class and Kim Il-sung had successfully purged political opposition at the beginning of his reign. A man this concerned with regime survival and personal power, however, could not take any chances and sought to surround himself at the top with only those whom he could truly trust. He gave key party and government positions to members of his family and to from the guerrilla forces he had led, further enhancing his job security.<sup>64</sup> In this regard, loyalty at the top was secured through blood ties and reinforced with the threat of severe punishment. Kim Il-sung's extensive security apparatus and methods of punishment helped to protect his regime from a movement by the masses and his method of political positioning insulated him from the possibility of an internal power struggle.

## **5. The Absent Role of Economics**

Where did the economy fall on the spectrum of priorities for regime legitimacy? From the start it was somewhere near the bottom if even on the list at all. A simple explanation for why economic prosperity was not included in the building of the narrative is that it could not afford it nor did it have to at the time. The need to for foreign trade and investment to support economic growth would have contradicted with the self-reliant ideology and development would have pulled resources away from military buildup. Additionally, North Korea was in a much better position economically than its southern

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<sup>63</sup> Ibid., 58.

<sup>64</sup> Ibid., 67.

neighbor at the end of Japanese rule. Cha notes that “By 1945...the northern half possessed 76 percent of the peninsula’s mining production, 80 percent of its heavy industrial capacity, and 92% of its electricity-generation capabilities.”<sup>65</sup> While much of this initial infrastructure was destroyed as a result of Kim Il-sung’s attempt to reunify the peninsula through force, the regime was the benefactor of a second critical economic gift in its early years—heavy support and aid from the Soviet Union and the People’s Republic of China (PRC). With the Cold War fight between capitalism and socialism in full swing, the communist state was rebuilt through the provision of heavy industry equipment from the Soviets and key resources such as crude oil and food from the Chinese. These factors provided further evidence for the regime to tout in front of its people as a demonstration that Kim Il-sung and his communist system were better than the South Korean life filled with political corruption, capitalism, and oppression under the American imperialists.

The economic plan from the beginning was to ride on the outside support of North Korea’s communist brethren and extract as much as possible from society to strengthen the regime. The plan would be successful as long as the aid pool remained large enough to sustain military spending but beginning in the early 1970s this pool began to shrink. The regime refused to revise its self-reliance policy and instead became even more committed to it. This early test for the regime and its response made it clear that economic performance had no place in maintaining its legitimacy to rule the country. McEachern writes that “Revolutionary generals argued that the state should provide defense before considering economic goals [and] Kim Il-sung ultimately heeded [their advice] and restricted the role of economic technocrats.”<sup>66</sup> The state had an official policy of economic self-reliance but had taken very few steps to create a system that could support itself. Over the next twenty years the regime would begin to feel the pains of a policy that ignored economic development in favor of military spending. Cha writes that “North Korean leaders largely abandoned the rebalancing of the economy...and

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<sup>65</sup> Cha, *The Impossible State*, 22.

<sup>66</sup> Patrick McEachern, *Inside the Red Box: North Korea’s Post-Totalitarian Politics* (New York: Columbia University Press, 2010), 59.

instead focused on building an ‘impenetrable fortress,’ pulling resources from other sectors.”<sup>67</sup> As impenetrable as the country might be, the economy and infrastructure began to deteriorate from a lack of attention.

## **C. PERPETUATING POWER DESPITE SUSTAINED DECLINE**

### **1. A Double-Edged Sword**

In the first couple of decades, Kim Il-sung and his regime benefited greatly from the Cold War environment. As the aid continued to come in from the Soviet Union and China, the regime was able to keep its economy afloat and continue to push its closed-off, self-reliant policy. The Sino-Soviet split in the 1960s allowed North Korea to play the two powers against one another, remaining on middle ground and enhancing the support it received from both countries. These aid inputs were used to prop up the regime, accrue wealth for the political elite, build a massive military, and provide enough basic sustenance for the common North Korean that nobody question government policy. The *juche* ideology worked to great effect in creating situation the regime desired. A subservient society charged by nationalism and the desire to please their leader now existed. The support of the early Cold War years helped to facilitate this ideology and provided Kim Il-sung with the economic base he needed to pursue his militarization of the country. *Juche* justified military expansion as a necessary step to defend the Korean people from the imperialists to the south who had already thwarted unification once before and would not hesitate to do so again. Despite early warning signs that attention was needed, economic modernization continued to take backstage to need to enhance means of protecting national security and continued military buildup. Cha writes that “By the late 1960s to early 1970s, it had built up the fourth largest standing army in the Communist bloc at 408,000 troops.” Strictly speaking, “Based on either total spending or the spending on investment plus operation and management, the net assessment shows that the South became inferior to the North in the late 1960s and the 1970s[.]”<sup>68</sup> North

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<sup>67</sup> Cha, *The Impossible State*, 115.

<sup>68</sup> Taik-Young Hamm, *Arming the Two Koreas: State, Capital and Military Power* (Florence, KY: Routledge, 1999): 163.

Korea's commitment to closing the gap was made clear and by 1979, with a new standing army of 692,000, Kim Il-sung had finally overtaken the South—which had continued to maintain a steady force level of around 600,000 since the end of the Korean War.<sup>69</sup>

What the regime failed to do was invest in the future, instead hedging all bets on the idea that Moscow and Beijing could not and would not let North Korea fail. As the years continued to pass with little policy modification, the industrial infrastructure that had once been a source of pride and capability in North Korea started to show its age. In this sense, the decision-making in Pyongyang seemed content with wasting a great economic opportunity. Rather than investing the heavy doses of foreign aid into enhancing the state's heavy industry base, the opposite course was taken as more and more resources were taken from the industrial and other sectors to facilitate the regime's quest for military superiority. As Acemoglu and Robinson have recently agreed, it is easy for an authoritarian regime to fall into the trap of economic extraction and North Korea was no exception. For authoritarian regimes, the concern is with remaining in power and, "Economic institutions that create incentives for economic progress may simultaneously redistribute income and power in such a way that a predatory dictator and others with political power may become worse off."<sup>70</sup> With enough capital to fund its priorities, unchallenged legitimacy, and an obedient society to abuse, the regime lacked incentives to seek economic reform on its own.

On the other side of the DMZ, the new regime under General Park Chung Hee was taking a different approach to authoritarian rule. Park exercised strict political control but he had a much different priority in mind—economic growth. Unlike Kim Il-sung, Park recognized that the key to a powerful country was found in economic modernization. As Woo-Cumings wrote, the South Korean regime, "[Tightened] the grip of authoritarian politics, and with the steering mechanism thus made predictable, [made]

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<sup>69</sup> Ibid., 136.

<sup>70</sup> Acemoglu and James A. Robinson, *Why Nations Fail*, 84.

a Big Push with massive investments in [heavy industries.]”<sup>71</sup> In North Korea the extractive capability of the regime was used to further oppress the people and push a failing ideology while in South Korea the regime’s political insulation was used to push through policies necessary to spark investment in the future and developing the economy, even if these policies would be viewed as unfavorable. The South Korean government used the threat to national security as a motivation much as the North did but, unlike Pyongyang, Seoul recognized that a sustainable future was necessary to secure its sovereignty.

In reality, Park’s regime was actively pursuing the idea of self-reliance while Kim simply used it as a cover for poor decisions and to justify isolationism. In addition to allowing heavy industry to crumble, the North Korean regime also failed to develop the light industry and agricultural sectors that would be needed to help sustain its people. Through its *juche* ideology the Kim Il-sung regime was able to develop a strong level of control and create the façade that fueled the legitimacy of the regime. Emerging on the darker side of this policy, however, was a North Korea that had no favorable trade relationships established, was spending its limited income on military might, and was beginning to see its pool of aid disappear. To add fuel to the fire, Park’s regime was successfully turning a bleak situation to a profitable one, closing the economic disparity between the two countries and by 1974, South Korea’s GNP per capita overtook that of the North’s (see Figure 1). Capitalism’s rapid success below the 38th began poking holes in the North Korean narrative.

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<sup>71</sup> Meredith Jung-En Woo-Cumings, “National Security and the Developmental State,” in *Behind East Asian Growth: The Political and Social Foundations of Prosperity*, ed. Henry S. Rowen (London: Routledge, 1998), 333.

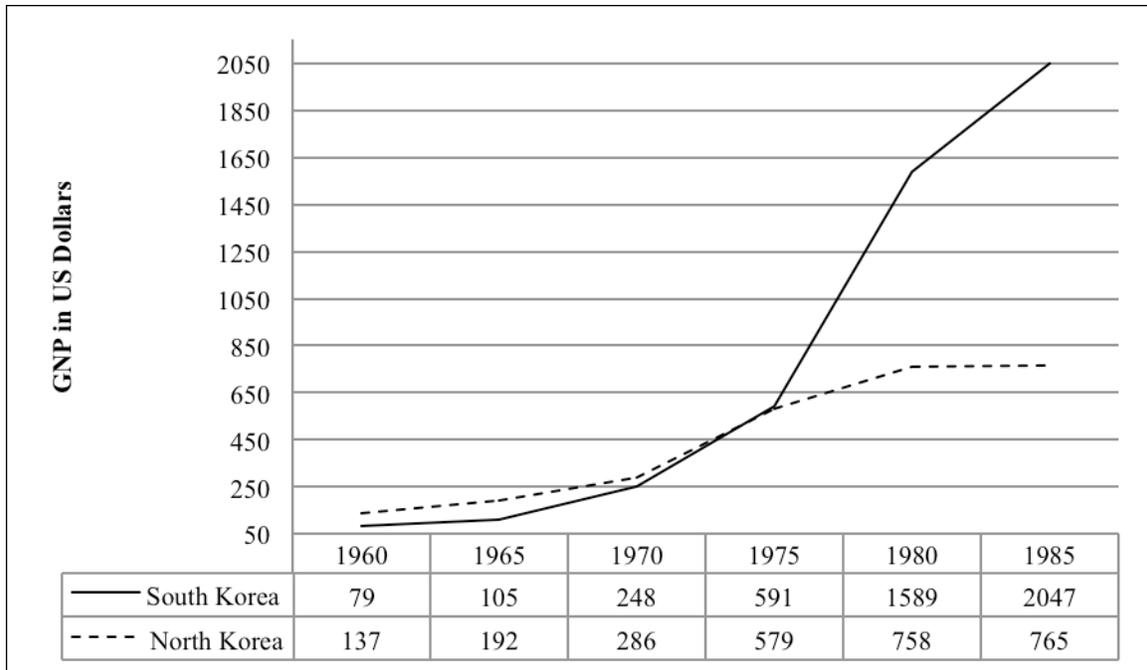


Figure 1. Per Capita GNP<sup>72</sup>

## 2. Disaster on the Horizon

Kim Il-sung marched into the 1980s as an emboldened leader, solidifying his ultimate power the previous decade when the 1972 constitution named him to the newly created position of president—a title neither Stalin nor Mao ever received.<sup>73</sup> This decade was marked with a number of developing driving forces that would alter the course of North Korea and the regime. Kim Jong-il officially became the leader in waiting, making it clear that Kim Il-sung fully intended to keep authoritarian rule within the family. At the same time, the *juche* ideology and the economic isolation it called for began to rear its ugly head as the North Korean economy stagnated. The end of the 1970s had brought with it the normalization of relations between the United States and China, a huge blow to North Korea's psyche and more importantly its aid pool. Now things seemed to be

<sup>72</sup> National Unification Board, *South and North Korean Economies, 1987* (Seoul, Korea: 1987).

<sup>73</sup> McEachern, *Inside the Red Box*, 61.

warming up between the United States and the Soviet Union as well and the regime was losing another economic leg to stand on.

To make matters worse, the American puppet regime to the south had managed to catch and then surpass North Korea economically. This storyline threw a large wrench into the regime's narrative that North Korea was the Promised Land and that life would always be better in the self-declared socialist utopia. Additionally, South Korea's economic growth put more pressure on the communists to further military buildup as Park Chung-hee had now created a system that could support a large national defense budget and was closing the disparity between the two militaries as well. While troop numbers continued to favor the North, the modernization and capabilities scale was tipped in favor of the South. By 1985, South Korea's military spending was 5.3 percent of its 83.7 billion dollar GNP while North Korea was spending at an alarming 23.1 percent of a much smaller GNP of 15.1 billion.<sup>74</sup> Based on this information South Korea spent 4.43 billion on its military while the North only spent 3.48 billion, showing that economic success under Park Chung-hee allowed the South to better pursue military modernization with less impact on the economy than Kim Il-sung and the North. The growing democracy movement and eventual democratization of South Korea, however, served as a warning to the North Korean regime of the possible dangers to authoritarianism that economic reform could bring. In this context, this decade witnessed a redoubling of efforts on institutional and societal control and from a policy perspective it was much more of the same. This is evidenced by the fact that of North Korea's estimated 11.25 billion dollars spent in 1985, approximately 62.5 percent was for the people's economy and 20.7 percent towards sociocultural expenditures—a clear indication of the financial burden of Kim's planned economy and societal control.<sup>75</sup>

First entering the political scene in the early 1970s, Kim Jong-il struggled at the beginning to establish himself as the rightful successor to his father. Unlike Kim Il-sung, the son did not have the anti-Japanese revolutionary background to fall back on and use

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<sup>74</sup> National Unification Board, *South and North Korean Economies, 1987*, 32–33.

<sup>75</sup> *Ibid.*, 35.

to feed off North Korea nationalism. Cha remarks that “The Son never served a day in the military, and yet in a militaristic society where revolutionary credentials are a requirement of leadership, he had to have some.”<sup>76</sup> The belief now is that he made up for this deficiency through the planning and execution of several terrorist acts to include a bombing of Gimpo International Airport in South Korea in 1986.<sup>77</sup> Additionally, the leader-to-be used his early position in charge of the propaganda machine to intensify the cult of personality of his father and in doing so he worked to tie it to his own status. In deifying his father in the eyes of the North Korean people, Kim Jong-il created an undeniable right to rule through his bloodline connection with the Great Leader. While feeding off of his father’s personality cult he went to work on his own as well with the propaganda department producing stories of his on-the-spot guidance to his father and of his exploits as a young leader in the socialist revolution.<sup>78</sup>

Initially, Kim Jong-il was not entirely popular as the choice to lead the regime into the next generation. He wasted no time in solving this issue through the same type of strong-arm tactics his father had used when he consolidated power forty years prior. As McEachern writes, “The security apparatus purged those who opposed Kim Jong-il’s selection [as the heir-apparent].”<sup>79</sup> He continues noting that targeted purges were not the only practice used and Kim Jong-il quickly demonstrated his willingness to assert his power through arbitrary repression.<sup>80</sup> In targeting all those who appeared disloyal to his father, Kim Jong-il effectively cleared a path for his eventual and unchallenged rise to the seat of power.<sup>81</sup> Like his father as well, Kim Jong-il quickly began to place those he could trust into key positions as a way to pre-position the circle of power for when he took control: “As [the] old guard die[d] off, Kim Jong-il...methodically replaced them

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<sup>76</sup> Cha, *The Impossible State*, 86.

<sup>77</sup> Ibid.

<sup>78</sup> Ibid., 87.

<sup>79</sup> McEachern, *Inside the Red Box*, 65.

<sup>80</sup> Ibid.

<sup>81</sup> Cha, *The Impossible State*, 86.

with individuals of known loyalty.”<sup>82</sup> Once again, the new generation of authoritarian rule was creating a fear tactic to control dissent while utilizing family and close ties to insulate against threat from the senior positions of the party and the government.

As the 1980s gave way to the 1990s, Kim Il-sung prepared to officially hand the reigns of the regime over to the next generation in the family monarchy, his son Kim Jong-il. Despite the clear signs that the economy was in grave danger, the Great Leader continued to assure the North Korean populace that their system was working. Rhee writes of a message in 1991 in which the leader remarked that “The secret success of socialism in our country lies in the fact that we strengthened [juche] in the process of constructing socialism.”<sup>83</sup> The sad truth of the matter is that socialism was failing in North Korea and this failure was further exacerbated by the self-reliant nature of the juche ideology and the economic isolation it created. In the mid-1980s food shortages began to appear, productivity was down, industrial equipment was in rapid decay, and power outages were becoming commonplace.<sup>84</sup> By contrast, at the end of this decade, South Korea successfully hosted the 1988 Olympics and was normalizing trade relations with Eastern bloc countries to include the Soviet Union. Both of these were indicators that the South Korea economy, which had witnessed double-digit growth rates, was succeeding far more than the socialist system. Kim Jong-il would prove to be a different leader from his father, but unfortunately for the North Korean people, the role of economic planning would remain insignificant with this second iteration of authoritarian rule. Cha writes that given the situation, “It should therefore come as no surprise that during these years of the Son’s unofficial rule, the North pursued the ultimate equalizer: nuclear weapons.”<sup>85</sup> On the verge of economic collapse this move only further isolated the country, demonstrated the regime’s priorities, and, unfortunately for the North Korean people, would do nothing to ease their struggles with everyday life.

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<sup>82</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 67.

<sup>83</sup> Rhee Sang Woo, “North Korea in 1991: Struggle to Save Chuch’e Amid Signs of Change,” *Asian Survey* 32, no. 1 A Survey of Asia in 1991: Part I (1992): 56, <http://www.jstor.org/stable/2645199>.

<sup>84</sup> Cha, *The Impossible State*, 87.

<sup>85</sup> *Ibid.*, 87–88.

## IV. FROM FAMINE TO REFORM?

### A. INTRODUCTION

The 1990s ushered in a new era for both the international community and for North Korea. The impact of decades of poor planning and policy were mounting for the Kim regime and the collapse of the Soviet Union—and the trade that went along with it—combined with massive monsoons and floods in 1995 to create the perfect storm for economic collapse. As Oh and Hassig write, “North Korea’s economy faltered in the 1970s, declined in the 1980s, and collapsed in the 1990s.”<sup>86</sup> This collapse led to a complete breakdown of the Public Distribution System (PDS)—the sole method of securing food for sixty to seventy percent of the population—and the great famine from 1995–1998.<sup>87</sup>

This time period also saw the death of Kim Il-sung, the Great Leader, and the official transfer of power to his son Kim Jong-il, named the Dear Leader. Although the father died in 1994, it was not until 1998 that the Supreme People’s Assembly elected Kim Jong-il as the new leader of the country—and they did so amid wide international speculation that he would fail.<sup>88</sup> As Cha writes, “South Korean analysts in the summer of 1994 affirmed...that the Son would not last through the end of the calendar year.”<sup>89</sup> The fact that he took over at such a tumultuous time for the reclusive state only enhanced predictions that his reign would be short lived. Being a much different person from his father and faced with a grave economic situation, the new leader offered hope for change. It was believed that the Dear Leader had a choice between reform or regime collapse, and after all, “Only dramatic reversal in Pyongyang’s policies in the direction of economic reform could revive the country[.]”<sup>90</sup> At the same time North Korea’s ally, China, offered

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<sup>86</sup> Kongdan Oh and Ralph Hassig, “North Korea Between Collapse and Reform,” *Asian Survey* 39, no. 2 (1999): 287, <http://www.jstor.org/stable/2645456>.

<sup>87</sup> Cha, *The Impossible State*, 190.

<sup>88</sup> *Ibid.*, 90–91.

<sup>89</sup> *Ibid.*

<sup>90</sup> Oh and Hassig, “North Korea Between Collapse and Reform,” 288.

a model by which the new regime could reform. Having felt the pains of a disastrous Great Leap Forward and Cultural Revolution, the PRC was rapidly recovering through economic reforms initiated by Deng Xiaoping. In the post-Mao era, China was successful implementing a capitalist market economy within a socialist political system. Kim Jong-il, however, chose a third path for his legacy and instead introduced the new ideology of *songun chongchi*, or military-first politics, highlighted by the rapid development of a nuclear weapons program. While differing from his father's *juche* ideology, the economic consequences were just the same as Kim Jong-il drove North Korea further into isolation from the international community.

Filled with half-hearted reforms, nuclear weapons development—which brought subsequent UN sanctions as a result—and a heavy reliance on foreign aid and illicit activities, the seventeen-year Kim Jong-il period was short when compared to his father's reign. This was, however, not due to his political failings but rather his health. While his death was unexpected, the tradition of dynastic leadership succession was never in question. As a 2002 editorial in the *Rodong Sinmun* stated, “The final victory of the Revolution needed to be multigenerational,” and what the father—or the son—could not accomplish, was to pass to the next generation, one of the grandsons.<sup>91</sup> In 2010, with his newly awarded rank of four-star general and the number two position in the Central Military Committee, it became clear that the youngest grandson, Kim Jong-un, was the heir to his father's throne. He, too, chose an ideology to justify policies, pursuing what has been named *neojuche* revivalism, a return to the self-reliance ideology of Kim Il-sung mixed with the *songun* ideology of Kim Jong-il.<sup>92</sup> In this context the grandson decided to revert to the Cold War days of economic isolation while also justifying continued pursuit of nuclear weapons. Both the son and grandson demonstrated the importance of ideology to the regime's legitimacy, but also demonstrated a shift in its role. Where *juche* ideology had played more of the driving role for policy under Kim Il-sung, the later renditions of ideology became more of an explanation/justification for policies. In the early years of

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<sup>91</sup> Cha, *The Impossible State*, 96.

<sup>92</sup> *Ibid.*, 153.

Kim Il-sung, policy decisions were made in strict adherence to the prescriptions of the *juche* ideology. In the post-famine years, ideology became a moldable tool that was shaped to match decisions that had to be made in the face of new challenges. In this regard, the regime made the decisions it had to in order to stay in power and then adjusted ideology to justify these choices. To aid in these efforts, in the 1990s the regime also introduced the concept of *uristik sahoejuui*, or our-style socialism. In doing so, the leadership aimed to separate North Korean socialism away from the failed Soviet bloc, insisting the North Korean socialism was “unique, inseparable from the leadership of Kim Il Sung and Kim Jong Il, and ‘people-centered’—exactly what the DPRK had been saying about *juche* for decades.”<sup>93</sup> Additionally, ideology became a way to insulate the regime from failures of the state. The failed economy and subsequent economic reforms were attributed to a departure from adherence to ideology rather than to the missteps of Kim Jong-il. Protecting the leadership from blame protected the hereditary transfer of power.

While ideology was utilized as a means to defeat threats to regime legitimacy, there was an emerging issue that indoctrination, education, and propaganda have not been able to quell. A new trend that began with the collapse of the PDS in the early 1990s and continued to gain momentum through the past two decades was the emergence of capitalist-style markets. Shifting between allowing these markets to emerge and attempting to break them up, the regimes of both Kim Jong-il and Kim Jong-un have proven incapable of stopping participation in rudimentary forms of capitalism. Pyongyang’s inability to stop individualistic, entrepreneurial thinking is a potential sign that the regime’s reach into the local communities is waning in the face of economic failure and the need for personal survival.

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<sup>93</sup> Charles Armstrong, “The Role and Influence of Ideology,” in *North Korea in Transition: Politics, Economy, and Society*, ed. Kyung-Ae Park and Scott Snyder (Lanham, MD: Rowman & Littlefield, 2013), 8.

## **B. MANAGING A FAILED ECONOMY**

### **1. Bottoming Out**

The 1990s proved to be a disastrous decade for the North Korean economy. Per capita GNP dropped from an estimated \$1,142 in 1990 to an estimated \$573 in 1998 and the country experienced nine straight years of negative growth (see Figure 2).<sup>94</sup> Outside of the pure economic impacts, the 1990s also saw a grave situation for the North Korean population. While the exact numbers are unknown, it is estimated that between 600,000 and 1,000,000—three to five percent of the total population—died as a result of the great famine during this period.<sup>95</sup> With the advantage of hindsight, it is clear to see that the economic collapse and the great famine of the 1990s was a long time coming for North Korea. It is also clear that while natural disasters expedited the system's demise, it is impossible to deny that the foundation of the issue was grounded in poor economic planning over the previous decades. While the monsoons and floods were unavoidable, "The country's vulnerability to those conditions was exacerbated at every point by decisions the government made that compounded the risk."<sup>96</sup> In order to meet increased demands for food, and in keeping with its desire to remain self-reliant, the government used damaging agricultural processes to try and procure as much out of the land as it could. This had a great impact on soil erosion across the country, only enhancing the impact of the monsoons in 1995 and 1996.<sup>97</sup>

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<sup>94</sup> Dick K. Nanto, "North Korea's Economic Crisis, Reforms, and Policy Implications," in *North Korea: The Politics of Regime Survival*, ed. Young Whan Kihl and Hong Nack Kim (Armonk, NY: M.E. Sharpe, 2006), 120.

<sup>95</sup> Cha, *The Impossible State*, 188.

<sup>96</sup> Haggard and Noland, *Famine in North Korea*, 24.

<sup>97</sup> Cha, *The Impossible State*, 192–93.

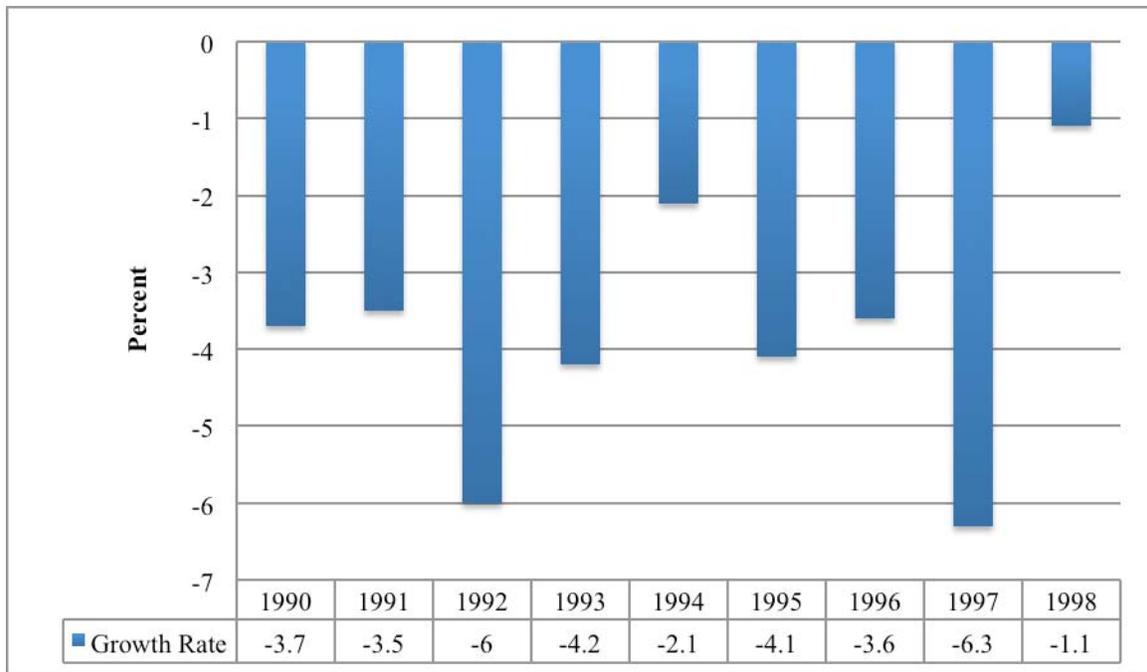


Figure 2. Real GDP Growth<sup>98</sup>

The situation at hand was a perfect illustration of Acemoglu’s and Robinson’s vicious circle. Through the first fifty years of its existence the Kim family regime had managed to build itself a politically and economically extractive system that enabled it to pull the most from the economy and the people in order to secure regime power. While the party elite continued to live comfortably, the state around them was crumbling and the people were beginning to starve. True to the extractive nature of authoritarian regimes, the Kim family and their inner circle proved to be insulated from political fallout and therefore faced no political accountability for the failure to provide the basic necessities of living as promised. Despite sporadic protests, no true challenge to the regime’s claim to rule emerged from the tumultuous situation. In this regard the impact of the political system and the ideology was felt two-fold. Not only did it contribute directly to the economic crisis, but it also created a situation in which, “The lack of infrastructure and communication channels across regions within North Korea, was well as contact with

<sup>98</sup> Nanto, “North Korea’s Economic Crisis.”

the outside world, inhibits the possibility that...organized resistance might spring up to challenge the current leadership.”<sup>99</sup> Lankov echoes the stark harshness of situation when he writes that “Trained under the old system, deprived of opportunities to organize, and ignorant about the outside world, North Korea’s starving farmers did not rebel[, t]hey just died.”<sup>100</sup>

Perhaps more telling than the famine and collapse itself was the regime’s actions leading up to and immediately after the famine. Despite massive starvation and a mounting death toll, “Ideologically committed revolutionaries and security conscious elites alike objected to the idea of increased, individual cross-border traffic.”<sup>101</sup> If the collapse and famine itself demonstrated the potential consequences of a highly extractive system, then the immediate response of the regime was a clear indication that survival was the guiding concern for Kim Jong-il and the elite. There were signs early on of a growing food shortage and that the Public Distribution System was failing to provide enough food for the population, yet the regime maintained course and refused to ask for help until it was too late. The PDS and the agricultural sector themselves were doomed from the beginning. In order to maintain its *juche* ideology, the government looked to compensate for limited natural resources and arable land, resulting in an input-reliant system that used high levels of chemical fertilizers and pesticides. The regime succeeded in increasing yields, but production was “highly vulnerable to availability of these critical inputs, either from imports or from the industrial sector, which also relied on imported inputs.”<sup>102</sup>

As the support from Soviet aid dried up and the domestic industrial sector failed, the snowball effect began and food shortages became increasingly prevalent. The regime attempted to insulate the problem and took measures such as enacting the “Let’s Eat Two

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<sup>99</sup> Snyder, “North Korea’s Challenge of Regime Survival,” 520.

<sup>100</sup> Andrei Lankov, “Staying Alive: Why North Korea Will Not Change,” *Foreign Affairs* 87, no. 2 (2008): 15, <http://www.jstor.org/stable/20032577>.

<sup>101</sup> McEachern, *Inside the Red Box*, 72.

<sup>102</sup> Haggard and Noland, *Famine in North Korea*, 26.

Meals per Day” campaign in attempts to handle the PDS food shortages.<sup>103</sup> Despite several years of negative growth, it was not until the situation bottomed out in mid-1995 that the regime finally reached out to ask for assistance, and even still the assistance came with regime-imposed difficulties that impacted the effectiveness of program. From the very beginning, the regime blocked attempts by the World Food Program (WFP) to monitor the dissemination of food aid, denied access to large areas of the country, limited the number of WFP workers to fifty, and banned any Korean-speakers from being on staff. Additionally, it is estimated that around thirty percent of food aid was diverted directly to the military, a critical point to consider with Kim Jong-il’s elevation of the military’s status—a move that will be discussed in the following section.<sup>104</sup>

Despite the prevalence of starving people throughout the country, the regime made it clear that it refused to relinquish control—even with the handling of humanitarian assistance—and demonstrated its willingness to put regime survival ahead of its people. Even with food assistance the regime refused to take any chances of allowing outside information to be disseminated and thus harming the narrative and ideology that continued to perpetuate the legitimacy of the ruling party. The regime did turn a blind eye to the free markets they had once vehemently opposed, but only so long as it took to get the PDS back into full swing. To the credit of the Kim family and their inner circle, the plan had worked thus far and, in the face of economic turmoil, the people were more concerned with what their next meal would be than with figuring out how to blame for the situation. As Cha writes, “When one is as poor as a North Korean, one’s immediate concern is not to overthrow the system, it is merely to survive.”<sup>105</sup> The great famine and economic collapse was a result of highly extractive practices on the part of the regime, and yet post-disaster these extractive measures continued without any credible challenge to the right to rule.

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<sup>103</sup> Cha, *The Impossible State*, 191.

<sup>104</sup> *Ibid.*, 200.

<sup>105</sup> *Ibid.*, 209.

North Korea's situation during its collapse and famine strongly resembled that of the People's Republic of China a mere twenty years earlier. In the 1970s China had emerged in tatters following the disastrous Great Leap Forward and the damaging Cultural Revolution. Through the 1960–1961 famine, “Roughly 30 million people, primarily the very young and the old, starved to death[, and n]early another 30 million who would have been born in this period were either stillborn or not conceived.”<sup>106</sup> The Cultural Revolution itself, while not as deadly, caused great levels of violence and, “Although no reliable figures are available, those who suffered incarceration, serious injury, or death certainly reached into the millions.”<sup>107</sup> China had emerged from the Maoist era in a fragile state, suffering from economic stagnation, great famine, and political infighting. Much like North Korea would be two decades later, the PRC found itself in a position that demanded reform and a new set of policies to bring it out of depths of failure. The system in place at the time of Mao's death in 1976 was one in which the market forces played almost no role, the priority was on heavy industry for defense, capital was used inefficiently, private property rights did not exist, there was very little international trade, and foreign investment and borrowing were not allowed.<sup>108</sup> Much like the Kim regime of North Korea, Deng Xiaoping desired to create a strong state, however, he recognized that to do so required an altering of domestic policy and an opening up to the international community.

While the situations in post-crisis China and North Korea resemble one another, with similar economic and societal impacts result from each country's respective famine, there was a unique characteristic present in the PRC that must be discussed. In comparing the two situations it is important to note that in post-Mao China reform was already beginning to take place on the periphery and on the local level. Change in policy did not occur spontaneously nor was it immediately implemented statewide. The larger policy decisions that impacted China as a whole were critical in their own right; however, “it

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<sup>106</sup> Kenneth Lieberthal, *Governing China: From Revolution Through Reform* (New York: W.W. Norton & Company, 2004), 108.

<sup>107</sup> *Ibid.*, 116.

<sup>108</sup> *Ibid.*, 124.

was in the countryside that reforms succeeded first, and it was the dramatic success of rural reforms that cleared the way for continuing and progressively more profound change.”<sup>109</sup> North Korea, by comparison, had no such localized reform taking place as it trudged its way through the hard times of the 1990s. Outside of the capital city there were plenty of open markets that sprung forth, but as will be discussed later in this chapter, these markets were neither government sponsored nor were they reformist in nature. With its large rural interior and population, the provincial level reforms worked for China; however, with North Korea, “central political control would be placed in serious jeopardy by provincial economic autonomy.”<sup>110</sup> For the North Korean regime, with its concern over maintain societal control, reforms would have to be implemented from the state level down, offering greater risk of failure.

## **2. Feigning Reform and Military-First Ideology**

With the state economy in turmoil, a heavy dependence on foreign aid, and a new leader looking to solidify his position, the scene was set for the North Korean regime to pursue meaningful reforms. Having stopped abolishment campaigns against the free markets that developed in response to the PDS failure, the regime, “accept[ed] these markets on a temporary basis, pending the country’s return to economic health and its resumption of the march towards socialism.”<sup>111</sup> In July of 2002, to make this shift in policy official, the government decriminalized market activities with the issuance of the Improved Economic Management Measures.<sup>112</sup> Additionally, the government announced the plan to establish two special economic zones (SEZs) with the hopes of attracting foreign investment. The Rajin-Sonbong Free Economic and Trade Zone on the border with Russia and the Sinuiju Special Administrative Region on the border with China

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<sup>109</sup> Barry Naughton, *The Chinese Economy: Transitions and Growth*, (Cambridge, MA: MIT Press, 2007), 88.

<sup>110</sup> Hilary J. Izatt, “Can North Korea Develop? Developmental Dictatorship Versus the China Reform Model,” *Asian Politics & Policy* 2, no. 2 (2010): 182, <http://search.proquest.com/docview/818792034?accountid=12702>.

<sup>111</sup> Oh and Hassig, “North Korea Between Collapse and Reform,” 293.

<sup>112</sup> Lankov, “Staying Alive,” 11.

offered great hopes that North Korea was finally moving towards opening up. These zones, unfortunately, proved to be little more than smoke and mirrors to feign regime-led attempts at reviving the North Korean economy. Much like the earlier mentioned reforms, these areas withered away and became more examples of wasted opportunities. These ventures, “Would require a level of transparency [the regime] would not be comfortable with[, and t]hey naively assumed that simply announcing that they were open for business would draw hordes of hungry investors.”<sup>113</sup>

China, years before, had experimented with SEZs and to a much greater success. In comparing the SEZ policies of the two socialist states it is evident that the CCP had every intention of successfully creating incentives for foreign investment while Pyongyang allowed the fear of losing control dictate policy once again. Simply looking at the locations chosen for the zones indicates a continued fear of direct foreigner-North Korean interaction. For Beijing, “The purpose of establishing SEZs in China [was] to make full use of geographical advantages,” and with this they were strategically placed. The five zones were placed on the southeast coast in Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan within close proximity of Hong Kong and Macao. These locations make them attractive to foreign investors and give them access to information and transportation that connects them to the international system.<sup>114</sup> Pyongyang, on the other hand, placed their zones in more remote locations with Rajin-Sonbong chosen specifically, “because of its location far from the main population centers (to prevent contact with foreigners).”<sup>115</sup> While Beijing placed their zones in prime locations to enhance their appeal and success, Pyongyang did so to ensure their isolation.

Outside of location, a difference in commitment level can also be seen between the PRC and North Korea. In North Korea, “Manufacturing investment...did not come—in large part because of dilapidated infrastructure, official corruption, and only partial

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<sup>113</sup> Cha, *The Impossible State*, 140.

<sup>114</sup> Ram Dev Bhardwaj, “China’s Economic Reform: The Role and Significance of SEZs,” *The Indian Journal of Political Science* 53, no. 3 (1992): 339, <http://www.jstor.org/stable/41855617>.; *Ibid.*, 349.

<sup>115</sup> Oh and Hassig, “North Korea Between Collapse and Reform,” 294.

adherence to agreed-upon economic reforms in the areas.”<sup>116</sup> Two key characteristics of China’s SEZs are that they “maintain close economic relations with other parts of the country instead of adopting isolative administrative measures [and] the zones serve as the country’s trial centre for reform by actively exploring reform measures.”<sup>117</sup> While China’s policies encouraged the benefits of the SEZs to expand into the surrounding areas, Pyongyang was busy building barbed-wire fences around Rajin-Sonbong. For Beijing, the SEZs were another active measure in reforming the economic system and opening China up to international markets. For Kim Jong-il and his regime, they were another example that political survival and societal control was the first priority.

In order to recover from disaster, North Korea needed to truly reform its economic system and open itself up to foreign trade, placing a premium on economic performance much like its communist brethren in China had under Deng Xiaoping. Having witnessed an economically liberalized authoritarian system in South Korea lose out to democracy, the regime’s reluctance is understandable. Despite this, the reformists that may have existed within the political elite still had China to point to as a model of success. By 2000, “[China’s] \$1 trillion economy was already bigger than all other transition economies combined,” and outside of the 1989 Tiananmen events it had achieved this “without complete liberalization, without privatization, and without democratization.”<sup>118</sup> For Deng Xiaoping the choice for reform was a necessary choice to secure both China’s future and the CCP’s. In Deng’s view, “Only major reform would permit the CCP to remain in power [and t]he party...would have to improve the standard of living of the populace, and to do this it would have to eschew Maoist egalitarianism and collectivism.”<sup>119</sup> Additionally, “Deng regarded the necessity of keeping pace with the worldwide trends toward technological dynamism and economic efficiency as a

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<sup>116</sup> Cha, *The Impossible State*, 140.

<sup>117</sup> Bhardwaj, “China’s Economic Reform,” 340.

<sup>118</sup> Yingyi Qian, “How Reform Worked in China,” in *In Search of Prosperity: Analytical Narratives on Economic Growth*, ed. Dani Rodrik (Princeton: Princeton University Press, 2003), 297–98.

<sup>119</sup> Lieberthal, *Governing China*, 127.

matter of China's long-term national security."<sup>120</sup> While both Deng and Kim sought international recognition for their respective countries, they did so under much different methodology. Deng recognized that economic modernization and sustained growth would create a strong state. Kim Jong-il, on the other hand, looked to militarization, and in particular nuclear weapons, as a way to gain respect on the international stage. The conflict between risking loss of political control and achieving economic growth, however, proved to be impossible to overcome for the ruling elite in North Korea. In the end, the regime, "[Seemed] deeply frightened by the consequences of opening up the economy, preferring instead to open tiny coastal enclaves."<sup>121</sup>

Given the context of the strength/legitimacy circle discussed in Chapter III, it is understandable that the regime would steer away from policies that could poke holes into the veil of propaganda that enabled the regime to control information and perpetuate its legitimacy. More than fear, however, there was also a lack of need for true reform in the eyes of Kim Jong-il and his inner circle. The leadership had survived this long without pursuing economic development, was not answerable to the general public, and despite the starving masses there was no public dissent attributing North Korea's troubles to the poor decisions of its trusted leadership. Even if there were, the gulags and public executions were more than a viable option to quiet the murmurs of disagreement. True reform would benefit the country as a whole and improve the lives of the average North Korean citizen, but as examples in Eastern Europe and—more importantly—South Korea show, this increase in quality of life comes with an increase in expectations from the people.<sup>122</sup> The unfortunate reality is that the regime only had to concern itself with keeping the elites and military happy and, "while they [puzzled] over their political dilemma of control versus economic reform, Kim and his top cadres [lived] a comfortable life far from the poverty and starvation of the average North Korean citizen."<sup>123</sup> Remaining committed to the ideology and nationalistic led militarization was easy for the

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<sup>120</sup> Ibid., 130.

<sup>121</sup> Bruce Cumings, *North Korea* (New York: The New Press, 2004), 184.

<sup>122</sup> Cha, *The Impossible State*, 138.

<sup>123</sup> Oh and Hassig, "North Korea Between Collapse and Reform," 295.

political elite who still lived in relative luxury despite the collapse. As the time progressed and the government once again shifted policy, it became clear that the economy existed more as another form of population control than as a viable measure of regime legitimacy.

The regime emerged from the economic crisis of the 1990s on an altered path in terms of political structure and ideology. While careful to still offer filial piety to his father—the Great Leader—and his *juche* ideology, Kim Jong-il began to shift the system to his new form of military-first politics, *songun chongchi*. Unlike Kim Il-sung, the son had no former military heroics to cling to and build a legacy upon, causing him to seek a tight alignment with the military. He was named as chairman of the National Defense Commission (NDC) and in doing so made it the primary decision-making body. These efforts removed the separation between the military and the civilian population, effectively creating a military culture in North Korea.<sup>124</sup> Kim Jong-il secured the critical support of the military elites by elevating their status within society and redoubling efforts to ensure military programs were funded at all costs. As Cha notes, “Throughout the early 1990s...North Korea is estimated to have spent 25 percent of its GDP on its military budget.”<sup>125</sup> McEachern echoes this change, writing that “The military had long enjoyed prioritized resource allocation, but this military-first ideological move raised the military’s political and social status.”<sup>126</sup>

It could be observed that this new ideology replaced *juche*, but in reality the two became complementary in the aftermath of economic collapse with *juche* principles serving to justify *songun* politics. As Park and Lee write, “*Songun* politics on its own would likely prove to be unsustainable because [it imposed] massive economic hardship[, and] the *juche* ideology was largely bankrupt in terms of facilitating economic self-

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<sup>124</sup> Cha, *The Impossible State*, 91–92.

<sup>125</sup> *Ibid.*, 190.

<sup>126</sup> McEachern, *Inside the Red Box*, 78.

sufficiency.”<sup>127</sup> In essence, songun was the next step in the juche ideology and, “If juche represented North Korean independence and autonomy, embodied in the Great Leader Kim Il Sung, songun placed the defense of that independence in the vanguard institution of the military, closely identified with General Kim Jong Il.”<sup>128</sup> The continued U.S. presence on the Korean peninsula and the increased pressure to halt North Korea’s nuclear program helped to provide further fuel for the military machine. Capitalizing on the early use of nationalism as a source of legitimacy, the regime built on the existing xenophobia and the threat of encirclement to help justify the high military spending Kim Jong-il began after his father’s death.<sup>129</sup> Much like his father, Kim Jong-il relied on ideological indoctrination to convince both the elites and the masses of the need for this shift in guiding principle.<sup>130</sup> As the situation he inherited required a divergence from purely ideology driven policy, Kim Jong-il understood the important of co-opting the powerful military elite, particularly those who had served in the guerilla forces under his father. In doing so, “Kim...proclaimed the military the ‘pillar’ of socialism and at the forefront of the revolution.”<sup>131</sup> While this decision helped to consolidate his power, the military-first path would only bring about more economic struggles.

### **3. Blackmail and International Exploitation: Keeping the Economy Afloat**

From the regime’s very beginning, the presence of foreign aid and support has been critical to allowing Pyongyang to pursue the policies it desired with little regard to economic development. In the wake of the collapse and great famine of the 1990s, the new regime took those lessons from Kim Il-sung and created an aid-dependent regime with an unmatched ability to extract needed food and support from friends and foes alike.

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<sup>127</sup> John S. Park and Dong Sun Lee, “North Korea: Existential Deterrence and Diplomatic Leverage,” in *The Long Shadow: Nuclear Weapons and Security in 21<sup>st</sup> Century Asia*, ed. Muthiah Alagappa (Palo Alto: Stanford University Press, 2008), 275–76.

<sup>128</sup> Armstrong, “The Role and Influence of Ideology,” 12.

<sup>129</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 54.

<sup>130</sup> McEachern, *Inside the Red Box*, 77.

<sup>131</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 63.

Kim Jong-il was able to play the fears of an unstable North Korea off the humanitarian cries to save the North Korean people to essentially fund the failing economy and support the continued military build-up. The son first put this practice into play with the nuclear crisis and subsequent Agreed Framework of October 1994. In threatening to withdraw from the Nonproliferation Treaty (NPT) the North Korean regime forced the hand of the United States—as well as Japan, South Korea, and others—resulting in numerous benefits for North Korea, including the supply of light-water reactors to help with energy problems, long-term loans valued at around four billion dollars, and the upgrading of diplomatic relations.<sup>132</sup> As will be discussed later in the chapter, this would not be the last time nuclear weapons would be used as a bargaining chip. Instead, it was a foreshadowing that North Korea cannot give up nuclear weapons altogether as they serve as leverage with the international community.<sup>133</sup>

The nuclear weapons issue helped to fuel the larger exploitative threat utilized by the regime, the fear of an unstable or collapsed North Korea. With North Korea's large military and nuclear weapons, "Leaders in Beijing, Seoul, Tokyo, and Washington fear a highly uncertain and dangerous transition phase featuring humanitarian and refugee crises, a 'loose nukes' problem, and the potential for war between nuclear-armed great powers."<sup>134</sup> This fear led to large amounts of aid to flow in from countries that the North considers to be its greatest threats. The regime recognized that "Continuing with 'bad behavior' such as nuclear proliferation activity enables North Korea to offer to cease such behavior in return for much larger concessions than it has received in the past."<sup>135</sup> While the United States tapered off aid over frustrations with the lack of transparency, South Korea and China continued to provide food aid with few strings attached. This aid reached its peak under the Sunshine Policy of Kim Dae Jung and the Peace and Prosperity Policy of Roh Moo-hyun whereby South Korea was the either largest or

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<sup>132</sup> Cumings, *North Korea*, 74.

<sup>133</sup> Lankov, "Staying Alive," 15.

<sup>134</sup> Byman and Lind, "Pyongyang's Survival Strategy," 65.

<sup>135</sup> Park and Lee, "North Korea: Existential Deterrence and Diplomatic Leverage," 274.

second-largest provider of food aid annually.<sup>136</sup> Much like Kim Il-sung did during the Sino-Soviet split, the younger Kim, “deftly played on fears of a possible U.S.-Chinese rivalry, as well as on Seoul’s anxieties about the consequences of North Korea’s implosion...to secure a moderate but steady flow of assistance from their neighbors.”<sup>137</sup> So much so that “Rather than augmenting the economy with this foreign aid as a way to divert national resources to needed reforms, the government simply consumed the aid as a form of revenue.”<sup>138</sup> By playing the system and taking advantage of fears, the new Kim regime was able to follow in his father’s footsteps and utilize foreign support to fund bad policy decisions. In this regard, the reality is that the international community became the financier of the military build-up most countries wanted to stop.

#### **4. Let There Be Free Trade!**

While Kim Jong-il and his party elite politically survived economic collapse, the regime did not come out of the situation completely unscathed. From the ashes of state failure and a shutdown of the PDS arose a new force driving change at the bottom—free marketization. It must be noted, however, that this was not a result of state decision to introduce free markets into the DPRK but rather a regime decision to not actively seek to stop markets. A divergence began to appear with this free market movement, a differentiation between regime legitimacy and regime strength. In the eyes of most North Koreans, the regime remained the legitimate leaders of the state, but its economic failings forced people to take matters into their own hands. The irony of the situation is that the policy of self-reliance practiced for so many years created the very situation it was meant to avoid. Backed into an economic corner, many North Koreans died at the hands of famine and disease, but many more utilized creative thinking and took matters into their own hands. For most of the country, “Nobody told the people what to do—the North Korean government didn’t want to admit to the extent of the food shortage—so they

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<sup>136</sup> Cha, *The Impossible State*, 201.

<sup>137</sup> Lankov, “Staying Alive,” 15.

<sup>138</sup> Cha, *The Impossible State*, 126.

fended for themselves.”<sup>139</sup> With the great famine and failure of the state to provide the basic necessities of life, “private economic activity [became] the only way to survive for a vast majority of the people.”<sup>140</sup>

Unlike China, the marketization movement in North Korea started at the very bottom of the social and political ladder, in spite of government policy rather than because of it. In the early 1990s, “As the primary economy...collapsed, a secondary civilian economy...sprung up, consisting of widespread bribery, pilfering, bootleg production, and trade in people’s markets.”<sup>141</sup> In North Korea the introduction of free market trading was sprung forth by those outside the capital city and left to their own means of survival. The PRC, on the other hand, introduced marketization through deliberate policy decisions that allowed the government to control its implementation. The political leaders of China utilized a dual track approach that blended both goods at fixed planned prices and goods traded in a market according to market prices. This plan “[Represented] a mechanism for the implementation of a reform without creating losers.”<sup>142</sup> This approach allowed the PRC to slowly bring about an efficient economic system that led to continued economic growth and development. Despite the model the Chinese provided, the markets of North Korea continued to exist solely as a means of individual survival and the regime failed to seize the momentum and transfer this activity into meaningful development. Survival consumed the average North Korean’s day and, “All ingenuity was devoted to the gathering and production of food.”<sup>143</sup>

The political leadership’s response to these markets waivered over the years, going from opposition, to acceptance, and back to opposition—and always skipping over encouragement. The market reforms of 2002 offered hope that the regime was finally shifting policy and taking economics seriously, but “Pyongyang authorized monetization

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<sup>139</sup> Barbara Demick, *Nothing to Envy: Ordinary Lives in North Korea*, (New York: Random House, 2009), 134.

<sup>140</sup> Lankov, “Staying Alive,” 10.

<sup>141</sup> Oh and Hassig, “North Korea Between Collapse and Reform,” 290.

<sup>142</sup> Qian, “How Reform Worked in China,” 307.

<sup>143</sup> Demick, *Nothing to Envy*, 134.

of the economy and authorization of farmers' markets to buy and sell goods...largely because the public distribution system had broken down."<sup>144</sup> While the government may have had no other choice but to relax its stance, the markets represented a loss of political control for the central government and, "The North Korean elites know that the greatest threats they face are internal, not external, and that resisting reform is the most effective way to control the population."<sup>145</sup> While there existed a period of accepting the growing movement, the regime took every opportunity to oppose the continued existence of these markets despite the signs that traders are not ceasing the activity. By virtue of this act, the regime appeared to be losing some of its reach into society and life away from the capital city, displaying a potential weakening in the tight arm of control it had possessed for so many years.

## **C. LIFE AFTER DEATH**

### **1. Nuclear Expansion and Counter Reforms**

Emerging out of economic collapse, the Kim regime was once again faced with a critical decision point regarding the future path of the state's policies. Much of the outside world looked on with hopes that the new leader's apparent commitment to economic reforms and denuclearization would remain true. A series of events beginning in the mid-2000s quickly laid to rest these hopes and the leadership in Pyongyang once again proved that internal control, regime survival, and ideology were far more important than economic growth.

Just prior to the great famine North Korea had signed on to the Agreed Framework of 1994, effectively putting a halt on its nuclear program and ushering in a wave of concessions from the United States and helping to open the door for much needed food aid. In October of 2006, North Korea conducted an underground nuclear detonation that had varying impacts on the regime and the economy and proved that the 1994 agreement was not successful. The consistent and rapid pursuit of nuclear weapons

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<sup>144</sup> Cha, *The Impossible State*, 143.

<sup>145</sup> Snyder, "North Korea's Challenge of Regime Survival," 520; Lankov, "Staying Alive," 12.

must be viewed through two lenses to truly understand its impact. In the context of the new military-first ideology and the ever-present pursuit of national security, this decision made sense. Developing nuclear weapons was justifiable when following the continued narrative that North Korea must do whatever it could to protect itself from outside aggressors, namely the nuclear-armed United States. In the eyes of the regime, obtaining nuclear weapons was a game-changer that gave it a great deterrent and bargaining power with the international community. For the regime, “That deterrent enabled North Korea to restore a semblance of balance on the peninsula after the enormous effectiveness of Seoul’s northern policy that initially skewed inter-Korean power dynamics heavily in South Korea’s favor.”<sup>146</sup>

Committing to nuclear weapons also demonstrated Kim Jong-il’s commitment to the songun ideology and helped to solidify his standing with the military. This tool, however, came at a great expense, and from the lens of good economics the decision to pursue nuclear weapons was a disastrous one. It once again demonstrated the regime’s preference to garner short-term political gains as opposed to long-term sustainability. Commitment to the program represented a great drain on the already fragile North Korean economy, leaving few resources left to devote to rebuilding industrial infrastructure. It is estimated that the military-first policy and its nuclear armament campaign constitute approximately 25 percent of the country’s GDP, placing military priorities well above the civilian economy.<sup>147</sup> Outside of tying up much of the country’s already small budget, the nuclear program further alienated North Korea from most of the rest of the world and impacted its ability to bring in foreign trade and investment. In addition to the UN sanctions that followed the 2006 nuclear test and the subsequent tests afterwards, a nuclear North Korea created mistrust among the international community. While the bomb may have brought Kim and his inner circle a greater sense of security, the fact is that “Unless Pyongyang moves to abandon its nuclear program completely, the

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<sup>146</sup> Park and Lee, “North Korea: Existential Deterrence and Diplomatic Leverage,” 270.

<sup>147</sup> Byman and Lind, “Pyongyang’s Survival Strategy,” 62.

international community is unlikely to expand its currently marginal economic interaction with North Korea.”<sup>148</sup>

If the recommitment to nuclear weapons was not enough to dash all hopes of meaningful change, then Kim Jong-il’s renegeing on the reforms themselves was enough to demonstrate the priorities of the regime. While instilling the songun ideology and large amounts of military spending were passive means of demonstrating a lack of concern for economic modernization, the regime also took an active role in pushing back the external calls for change. In 2005, with the worst of the food crisis behind them, the regime announced it was bringing back the PDS and made the selling of grain on the markets illegal. Additionally, it banned women younger than fifty and all men from working on the markets, calling for these individuals to return to the factories that had once been a great tool of population control. With no investment into rebuilding these factories, it was clear that the move was political in nature and a way to regain strict control over society the regime had lost in the turmoil of the famine and collapse.<sup>149</sup>

Thus the regime began to once again take action—through policy and propaganda—against the markets that had become vital to the everyday survival of most North Koreans. Rather than seizing on the opportunity that nascent markets presented to pursue an economic path similar to post-Mao China, the regime saw them only as a threat to its legitimacy and security. With the 2002 market liberalization reforms, “Neither the language nor the nature of the reforms carried the same conviction of those seen in China or Vietnam.”<sup>150</sup> True to its form, the regime used the propaganda machine to warn that openness and reform would destabilize the socialist system and bring with a similar demise that the Soviet Union and Eastern European countries experienced after allowing in imperialist ideology and culture.<sup>151</sup> Finally, in 2009 the regime took another bold step in the attempt to reestablish society’s dependency and regain control. In November of

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<sup>148</sup> Park and Lee, “North Korea: Existential Deterrence and Diplomatic Leverage,” 285.

<sup>149</sup> Lankov, “Staying Alive,” 11–12.

<sup>150</sup> Cha, *The Impossible State*, 143.

<sup>151</sup> Cumings, *North Korea*, 192.

that year the regime enacted a currency revaluation followed by attempts to shut down the markets and ban foreign currency.<sup>152</sup> While these moves were met with some level of public outcry the government had made it clear that it was still in control and willing to sacrifice economic gains to maintain its position on top.

## **2. A Dark Horse of Hope?**

With the sudden passing of Kim Jong-il in 2011 a widely unknown, fresh-faced new leader was thrust into the spotlight. The world knew little of Kim Jong-un other than the fact that he was young and the heir-apparent to the North Korean throne. Unlike his father, Kim Jong-un had little time as an apprentice to learn the family business. This combined with his age led to speculation that he could face difficulty in consolidating power and garnering the loyalty of the much older generals and party elite that still held top positions. At the same time, with several years of exposure to Western life as a student in Switzerland, there was some hope that perhaps North Korea finally had a leader that would alter the country's path and follow in big brother China's footsteps to economic reform. These hopes, however, were quickly dashed as the young leader wasted no time in picking up where his father left off and once again putting military might and the pursuit of nuclear weapons ahead of economic development.

True to the Kim hereditary pattern, Kim Jong-un seized on ideology as a guiding principle to policy decision and legitimacy. From this need to define his rule in the context of ideology, Kim Jong-un moved to a *neojuche* concept, blending the self-reliant economic policy of his grandfather with his father's military-first policy and efforts to become a nuclear power.<sup>153</sup> The attempt is being made to drive the system back to the Cold War glory days of mass mobilization and collectivization, a move directly against the grain of society and the current marketization movement.<sup>154</sup> The issue with this move is that North Korea no longer has the communist backing of the Soviet Union nor the level of Chinese support it once had that enabled the original *juche* ideology to work. The

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<sup>152</sup> Cha, *The Impossible State*, 156–57.

<sup>153</sup> *Ibid.*, 153.

<sup>154</sup> Cha and Anderson, "A North Korean Spring?" 7.

regime, however, has little choice because, “It needs a new ideology that has a positive vision for the new leader,” and more importantly, “[neojucheism] attributes past poor performance of the state...not to Kim Jong-il, but to the ‘mistakes’ of allowing experimentation with reform that ‘polluted’ the ideology.”<sup>155</sup>

In this regard, the ideology is playing two critical roles. In attributing the failures to a divergence from pure socialist thinking, the regime is attempting to uphold the Kim family claim to the right to rule. Admitting that Kim Jong-il was responsible for the failures of the 1990s and 2000s would call into question his right to rule and with it the right to pass the torch to his son. Additionally, this ideology continues the narrative that the state will provide for the people and that North Korea can thrive on its own accord—without the poisoning of the imperialists. Once again playing to the strong sense of nationalism that was used by Kim Il-sung to garner legitimacy in the beginning, in 2012 the regime began promoting a new goal of *kangsong taeguk*, or powerful and prosperous nation.<sup>156</sup> In this regard, “If Kim Jong Un can be associated with a revived economy and strong defense, his legitimacy will be strongly grounded.”<sup>157</sup> Perpetuating ideology similar to that of Kim Il-sung—and developing the grandson’s image to resemble the Great Leader—has allowed the regime to link the third generation of rule with the foundation that was laid in the 1950s. The issue remains, however, that the collectives that once existed directly contradict with the new independent way of life that the markets have brought. The tides shifted and, “The North Koreans once accepted being completely dependent on the government[, but n]ow they realize that they might be able to survive without its handouts.”<sup>158</sup> Despite this growing conflict, the present day regime remains legitimate in the eyes of the populace and continues to, “try to sap every bit of labor and individualism out of the population as they prepare for a new leader to command undisputed loyalty.”<sup>159</sup>

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<sup>155</sup> Ibid.

<sup>156</sup> Armstrong, “The Role and Influence of Ideology,” 14.

<sup>157</sup> Ibid.

<sup>158</sup> Lankov, “Staying Alive,” 16.

<sup>159</sup> Cha, *The Impossible State*, 154.

## **D. CONCLUSION**

The Kim Jong-il era in North Korea was both a trying time and another opportunity squandered. Kim Il-sung had given up the chance to seize on his economic advantage in the 1950s and the younger Kim missed the chance to model itself after post-Mao China and put in place the changes necessary to build a self-sustaining economy. With economic collapse and famine fresh in the minds of North Koreans and the Great Leader now deceased, the late 1990s and early 2000s was the opportune time for reform. Finding itself in a situation similar to that of the PRC in the 1970s, North Korea failed to follow the path of its socialist neighbor. Unlike China, the North Korean political structure made reform a difficult task. While China had a dual track system in place that allowed for those on the margin to gain without having any political or economic losers, North Korea's system is rent-seeking-heavy. In this latter type of system reform would cause the political elite to lose out as those on the margin benefited from the new economic policies. In this context, economic reform would have been good for the country but bad for the leadership's personal wealth. Instead, Kim Jong-il—concerned only with regime security—chose to continue to perpetuate the legitimacy of his father while also creating his own through his songun politics. With this decision, the son placed the military as the first priority, solidifying his relationship with the leadership and in turn securing his position on top. His only real achievement of the time was the advancement of the nuclear weapons program that brought about more internal legitimacy and gave the regime bargaining power with the international community, but it did little to ease the economic woes of a suffering populace. The massive amount of spending on the military and the nuclear program, however, was a great drain on the North Korean populace.

Furthermore, the regime utilized ideology to demand more sacrifice from the people and exploitive maneuvers to garner aid from the international community. Rather than using this aid to supplement effective spending measures, North Korea became dependent on it as a main source of income and a way to continue its extractive ways. In the mid-2000s with the economy backed away from the ledge, the regime once again took steps to actively quash the free markets that had developed as a means of survival

for much of the population. While these steps were met with some public disobedience, it was clear that the regime was attempting to reassert control over the country and that the half-hearted reforms were out of necessity to survive rather than real attempts to change the system. Propaganda and ideological indoctrination was once again utilized to justify the need to return to the socialist ways, with strong-arm tactics and the gulags waiting to collect any dissenters.

The end of 2011 brought with it the end of the Kim Jong-il period of rule in North Korea. The death of the Dear Leader brought in a new generation of Kim family rule, and with it, came a renewed sense of hope that change was possible. With the apparent return to *neojuche* ideology, however, Kim Jong-un seems to have continued to perpetuate the system that his grandfather began over sixty years ago. By blaming the failed reforms of his father's time on a straying from core socialist ideology, the regime has been able to isolate itself from the blame while justifying continued poor economic decisions. Although its legitimacy appears to be intact, the regime has yet to fully eradicate the free markets that flourish outside the capital city—a fact that could be detrimental to its survival. Resisting these markets has not ended them, and while the legacy of Kim Il-sung and the regime legitimacy remains unchallenged, it is losing the control mechanism that has demonstrated its strength in the past. Resisting the changing economic system is proving to be a dangerous game to play and the consequences could be dire for the authoritarian regime.

## V. CONCLUSION

This thesis sought to shed further light on what drives regime legitimacy in North Korea. The regime's survival of economic collapse in the 1990s appeared to defy logic, but not if a clear understanding of North Korean political system is held. History and evidence indicates that economic performance had little bearing on Kim Il-sung's rise to power and did not impact the ability to perpetuate this power through two generations of Kim family rule. With great loyalty and trust built towards the regime, there has been little connection between economic failure and political fallout. Thus far there has been little movement on the part of citizens, not analysts, to attribute the dire situation directly to the misguided policy and ideology that has been used to govern the country. In fact, it may be safe to say that the everyday North Korean citizen is more concerned with where the next meal will come from than who is responsible for that struggle.

If there is no real hope that economic failure will lead to a broader political movement then why does the international community continue to hold out for one? Beginning with the economic collapse of the early 1990s, "Numerous observers have predicted the collapse of North Korea since the death of the country's founding leader Kim Il-sung in July 1994."<sup>160</sup> Within the U.S., the idea that the regime would implode is "a mantra that began with Bush I and lasted through Clinton and Bush II, right down to the present."<sup>161</sup> Are policy actions such as the recent economic sanctions really effective? Does making it harder for Kim Jong-un and his cronies to purchase a Mercedes really have hope to enforce change? To be sure these sanctions have had an impact on North Korea, but perhaps not as intended. The North Korean people are still suffering and the regime has appeared to only double down on its pursuit of nuclear weapons rather than enact reform. The idea behind sanctions is to make it harder on the political elite within

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<sup>160</sup> Marcus Noland, *Korea After Kim Jong-il*, (Washington, DC: Institute for International Economics, 2004), 12.

<sup>161</sup> Cumings, "Why Did So Many Influential Americans," 44.

North Korea, but the Pyongyang propaganda machine seems to spin them to feed the hyper-nationalistic world-is-against-us driver of isolationist policies. With North Korea, “Diplomatic pressure and UN Security Council resolutions produce a defiant reaction,” and a belief that North Korea must carry out nuclear weapons tests, “as a part of an ‘all-out action’ against the United States, which it call[s] ‘the sworn enemy of the Korean people.’”<sup>162</sup> In trying to push the regime towards denuclearization, “economic sanctions have only marginal impact economically, and understanding the regime’s internal functions helps explain how these moves simply antagonize the regime rather than making any strategic advance.”<sup>163</sup> Additionally, North Korea has become a master at exploiting the international community, including the United States and South Korea, as a continued method to bring in capital and resources that are used to keep the economy and the regime afloat.

In short, it must be understood that North Korea is governed by a highly extractive regime that will do whatever it takes to remain in power. There are thus several questions to consider in discussion of the implications for the future. With the Kim regime in its third generation, is there any new hope that the new leadership will seek meaningful reform in the face of an international community—to include China—that is growing weary of the hermit kingdom’s antics? Regardless of the answer to this question, what steps can the international community take in its handling of the situation that could force the regime’s hand? Finally, and perhaps the key component to consider, is what impact the growing underground marketization will have on the regime’s capacity to control its people?

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<sup>162</sup> Christoph Bluth, “North Korea: How Will It End?” *Current History* 109, no. 728 (2010): 241, <http://search.proquest.com/docview/749604160?accountid=12702>; John R. Crook, “United States Supports New Security Council Sanctions Following North Korean Missile Launch; North Korea Responds with Third Nuclear Test,” *The American Journal of International Law* 107, no. 2 (2013): 470, <http://search.proquest.com/docview/1399042111?accountid=12702>.

<sup>163</sup> McEachern, *Inside the Red Box*, 192.

While the economy is in ruins, one thing the regime has accomplished is the ability to regulate the international community's knowledge of the true situation. North Korea has built a virtual wall along its borders, effectively controlling what the outside world knows of North Korea and what North Koreans know of the outside world. For this reason, "Very few are allowed to enter the country[, and] even fewer are allowed to exit."<sup>164</sup> Much of what we know today is gathered from the isolated accounts of defectors and what little data that has been made available. Demick acknowledges this fact in her book, remarking that in order to answer the right questions, "I had to talk to people who had left—defectors."<sup>165</sup> Scholars must rely on defector information as, "Ordinary citizens are not permitted to travel abroad [and] visitors to North Korea are permitted no unaccompanied or spontaneous contact with its people."<sup>166</sup> It is clear that the economy is in shambles and that little is being done to improve matters, but with no high level political defectors it is hard get a true reading in the standing of the Party and the regime. The fact, however, that many defectors today still talk of their economic struggles without placing blame on the regime speaks to the core argument of this thesis. These first-hand accounts offer evidence that the regime's power is derived from sources other than economic performance. Despite the current hardships faced by the majority of the North Koreans, "Defectors from North Korea show anger toward their former prison guards or toward corrupt bureaucrats, but this surprisingly does not aggregate into an anger to expel the Kim leadership."<sup>167</sup> The defectors themselves represent the low likelihood of the economic hardships translating into a political movement. Rather than organizing protests, those suffering from economic woes simply leave the country. Additionally, despite its problems, many North Korean defectors remark that given the chance again they would gladly be born in the socialist state.<sup>168</sup> How much of this today is fueled by coercive leverage and how much is upheld through the predicated ideological

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<sup>164</sup> Cha, *The Impossible State*, 16.

<sup>165</sup> Demick, *Nothing to Envy*, 8.

<sup>166</sup> Byman and Lind, "Pyongyang's Survival Strategy," 54–55.

<sup>167</sup> Cha and Nicholas D. Anderson, "A North Korean Spring?" 12.

<sup>168</sup> *Ibid.*, 13.

legacies is hard to tell. What can be seen is that, at the basic population level at least, economic failure has yet to translate into political unrest. Whether it is from fear, lack of opportunity, lack of desire, or most likely a combination of the three, public political dissent is almost non-existent. In this regard economic growth has been and continues to be a low priority for the regime because it can afford to take this position. In today's international context, from the leadership's viewpoint, the risks associated with true economic reform seem to outweigh the rewards and could very well jeopardize the facade of legitimacy it has created.

#### **A. WILL THERE BE REFORM?**

At the end of the famine and collapse of the 1990s, the North Korean system was primed for government-led economic reform—that could have very closely paralleled, at least in spirit, Chinese economic modernization. Today, with very little improvement in the overall economy and no real development to speak of, the hermit kingdom remains stuck in a situation that begs for new policies. The question remains, however, as to whether the third generation of the Kim family dynasty will ever pursue such meaningful policy changes or whether it will continue down the path of isolationist retrenchment. On the surface it seems as though reform is the only path that makes sense. Developing a sustainable economy would give the North Korean regime the economic base it needs to effectively uphold its *juche* ideology and continued pursuit of nuclear weapons. While it has been able to fund such a program—at the great expense of the overall health of the state—the regime would certainly benefit from a larger budget to work with.

In the North Korean case—as this thesis has demonstrated—the answer is not this simple. The regime could take steps to better enable the nascent free markets to develop further, and—with the assistance of the propaganda arm—could spin the change in a way that is both justifiable and adds another feather in Kim Jong-un's legitimacy cap. For the upper echelon, however, the highly extractive system is still working and, “because the political elites there live a comfortable life, they are satisfied with the status quo and have

little need to open the borders or reform the economy.”<sup>169</sup> Additionally, with the free markets operating on their own for over 20 years in spite of the regime it is hard to say how successful such a campaign to claim credit for them would be. In the face of this unknown, and given the fact that the regime still rules as it wants without internal challenge, it is understandable that the true easy choice for Kim and his cronies is to continue the trend of choosing societal control over meaningful reform.

Outside of simply misplaced incentives, a second hindrance to North Korea’s willingness to pursue economic reforms is the current trend towards further economic globalization. In today’s international environment, economic modernization requires an opening up to foreign trade and foreign investors—a dangerous game for the North Korean regime. Foreign investors require at least some degree of transparency and, as the failed special economic zones of the 2000s demonstrate, this is a measure the regime is not willing to take. Opening the borders to trade would benefit the economy, but it would also make it near impossible to continue the façade that North Korea is the socialist paradise its leadership claims it to be. Perpetuating this legacy would become extremely difficult given the fact that, “North Korea borders a rich and free country that speaks the same language and shares the same culture [and is] a real-life vision of what North Korea could and perhaps should be.”<sup>170</sup> The regime’s tight control over the population has relied on its ability to control information and, “market reforms and increased foreign investment would unavoidably undermine this isolation.”<sup>171</sup> As coercive leverage has continued to grow as a critical tool for the regime, its fear of losing control has continued to mount. For authoritarian regimes, “They maintain control through the silence of people’s fears, but they also cultivate deep anger beneath the surface[, and] once the fear dissipates, the anger boils to the surface.”<sup>172</sup> Additionally, in order for true market reform to succeed, “the government would have to tolerate information exchange, travel between

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<sup>169</sup> Kongdan Oh and Ralph Hassig, “North Korea in 2009: The Song Remains the Same,” *Asian Survey* 50, no. 1 (2010): 96, <http://www.jstor.org/stable/10.1525/as.2010.50.1.89>.

<sup>170</sup> Lankov, “Staying Alive,” 12.

<sup>171</sup> Ibid.

<sup>172</sup> Cha, *The Impossible State*, 446.

different areas of the country, and the growth of horizontal connections beyond its direct control.”<sup>173</sup> It is not certain that foreign trade and greater reform would translate directly to calls for political liberalization, but at the very least it would represent a further loss of control and expose a greater portion of the North Korea population to the true nature of the world outside the virtual walls.

It is not just a loss of control that the regime fears. The impact of such opening could very well jeopardize the true basis of its legitimacy and would contradict the narrative and self-reliant ideology that has been perpetuated through the years. In the past, Soviet and Chinese aid has been spun in such a way that it coincides with *juche* ideology; however, a full commitment to international trade is much more difficult to justify in terms of self-reliance, especially when trading with capitalist, democratic states. The credibility of the anti-imperial legacy interwoven within the Kim family story would quickly fade away if North Korea were to begin trading with the very countries the leadership has claimed to protect its people from. Even if trade relationships were not established with the terrible three—United States, South Korea, and Japan—it is difficult to imagine a reformed system that did not interact with non-socialist systems. Additionally, with economic opening would come a less hostile international community, eating away at the need for a military-first policy and poking holes in a plan that advocates the need for a strong military above all else. In this regard it is not that the regime lacks the capability to reform. Rather, for a regime so entangled in the legacy of the Cold War and dependent upon a legitimacy no longer relevant to today’s international system, there is no choice but to maintain the course and rely on strong-arm control to stay in power. Despite current economic woes, “only when the regime prizes wealth and growth more than its vice-like grip on power will true economic reform come to the North.”<sup>174</sup> Unfortunately, the rigidity of the North Korean system will continue to prevent this from happening.

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<sup>173</sup> Lankov, “Staying Alive,” 14.

<sup>174</sup> Cha, *The Impossible State*, 153.

## **B. WHAT CAN THE INTERNATIONAL COMMUNITY DO?**

First and foremost the international community must stop anticipating that current economic woes will translate into regime collapse or domestic calls for political reform. What this thesis has aimed to show is that in the North Korean system there seems to be no correlation between economic catastrophe and political control. While political failure in terms of failed policy has translated into economic disaster, the economic disaster has not caused political failure in terms of a collapsed regime. North Korea presents the international community with a unique, challenging, and perhaps even unanswerable question. At the core of the problem is the fact that those outside of the inner regime elite know very little of its true inner workings and current stability. Lacking an understanding of the real situation makes it difficult for policy-makers to shape effective policy. What is clear is that all actions taken up to this point have had a negative impact, if any impact at all, on the hopes to reform Pyongyang. Foreign aid and support allowed the regime to claw its way back from economic disaster and U.S.-led actions to punish the rogue state have only reinforced the basic arguments for the need to adhere to strict self-reliant ideology. With the lack of role that economic performance plays in shaping North Korean policy, pressures to change—such as economic sanctions—have proven to have little success. Additionally, with no real indication of reform-minded individuals within the country, encouragement for such economic changes appears to fall on deaf ears.

One step the international community could take would be to present a united front and cut off all aid and foreign support to North Korea. The harsh reality is that regardless of how much aid is dumped into the country the net result is still the same for most people. Putting an end to foreign support would effectively sever one of the few legs the regime has to stand on. A potential outcome of such a measure is that it could prove to be a strong enough catalyst to force the regime into reforms. As the regime once again loses its ability to provide for the people the growing illegal free-marketization—an increasing threat to the regime's control over society—would continue to expand. A second potential outcome of an international blockade against North Korea could be an all-out collapse of the system and the regime. With no saving grace for poor policy decisions and no desire to reform, the regime would find itself in an unsalvageable

situation. This latter outcome resembles the path the country is currently on, just at an accelerated rate. One problem with this plan is that Pyongyang has proven itself to be very resourceful and resilient under conditions of extreme pressure. As extractive as the regime in North Korea is, it has proven its willingness to sacrifice its people in order to pursue its own gains and it has displayed a willingness to venture into the world of illegal trade to supplement state income. Additionally, for the international community to present a united front is much easier said than done. While the United States has ceased much of its aid to North Korea, convincing China and South Korea—the two countries who would bear the brunt of the burden in the event of collapse—to cut off Kim and his cronies is all but impossible—particularly China. Without going into greater depth, keeping North Korea stable and the regime afloat is in the PRC’s best strategic and economic interests. To continue its economic rise, China needs a stable environment and, “an uncontrollable exodus of refugees...would severely tax the economic resources of the Chinese central government [, and] massive flows of refugees would likely paralyze and threaten social stability in China’s chronically poor northeastern provinces.”<sup>175</sup> From a strategic standpoint, “Beijing is still disturbed by the reality that the Republic of Korea (ROK) is home to around 29,000 U.S. troops and Marines and that its current alliance with the U.S. is stronger than ever.”<sup>176</sup>

### C. CORRUPTION IS THE KEY

The argument for marketization in North Korea is not simply that it will necessarily lead to calls for democratization. Cha and Anderson make such an argument, claiming that with the flow of goods across the border comes the flow of new ideas. This argument has some merit as there are many historical examples of such a movement happening--the country to the south of the DMZ offers the closest example. The impact in North Korea, however, is a bit different. While it is hard to ignore the reports from defectors who remark an increase in bootleg material and illegal access to foreign media

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<sup>175</sup> Jooyoung Song, “Understanding China’s Response to North Korea’s Provocations: The Dual Threats Model,” *Asian Survey* 51, no. 6 (2011): 1137.  
<http://www.jstor.org/stable/10.1525/as.2011.51.6.1134>.

<sup>176</sup> *Ibid.*, 1138.

and movies, these individuals also claim that their defection was purely economical and not political. Additionally, if there is something the regime has done successfully it is creating an environment devoid of the infrastructure and means to organize a movement. Citizens cannot travel outside of their town without government approval let alone to organize.

Yet markets offer another potential spark for reform. While there is little indication that these capitalist-style markets are more than just means of surviving at present, they are a way for the North Korean people to exercise independence from the regime and they represent a key change in North Korean society—one that conflicts with regime policy. While the regime continues to push its rigid ideology, “society is incrementally moving in a different direction from North Korea’s past—in large part, sparked by the economic failures of the government.”<sup>177</sup> The key implication with these growing markets is the disobedience towards the regime and the growing indifference towards policy they represent. By the regime’s standards this is corruption; yet in effect it represents a movement towards individualization. Just as children eventually break the parental dependency chain and learn to provide for themselves so, too, are the North Korean people learning to become more self-sufficient.

Indications show that North Koreans are shifting loyalty from the regime and its policies towards hard currency. In the midst of the PDS reinstatement and government crackdown citizens continue to rely on the markets and in 2008, “more than two-thirds of defectors admitted that half or more of their income came from private business practices.”<sup>178</sup> In this regard, North Korean defectors openly admit to acting in direct disobedience of central government policy in order to benefit from open trading. The new accumulation of personal wealth and the need for the markets to survive is giving this closed society both the means and motivation to ignore policy. In order to continue, these free enterprisers must pay off local officials and authorities to turn a blind eye to enforcement. In doing so, this is effectively cutting off the security arm of the regime and

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<sup>177</sup> Cha, *The Impossible State*, 448.

<sup>178</sup> *Ibid.*, 447.

provides the potential to break the strength/legitimacy circle. Mobster movies often indicate that even the highest government official can be bought. In a unique country like North Korea perhaps this is more than just a fictional idea. If this so-called corruption is allowed to spread high enough and a senior party member is able to accrue both the monetary means and a significant portion of the state's security apparatus perhaps there could be a real threat to Kim Jong-un from the inside. The Kim family has worked hard to co-opt the elite—but it is hard to imagine that there are not at least a few reformers within the Korean Worker's Party. Perhaps there are a couple of quiet dissenters waiting for the right time. It is a very dangerous thing for an authoritarian regime to appear weak and if the current trend continues this could be the image that develops. Additionally, while the Kim family has sought to surround themselves with loyal comrades, “this loyalty lasts only as long as the regime can continue the handouts, and the government's capacity in this regard is increasingly shrinking.”<sup>179</sup> Meanwhile, on the private markets, a growing North Korean middle class is expanding its monetary capacity.

As these markets continue to flourish and more capital makes its way to local military and political officials the regime loses its reach outside of Pyongyang, thus causing a weakening in its security apparatus. Eradicating these markets has proven to be an impossible task thus far, and today, “The market economy is so necessary to the welfare of the people—including the officials who are supposed to police the markets—that it will doubtless survive in some form.”<sup>180</sup> Additionally, “As the North Korean military, police, and other local authorities all engage in the smuggling trade, corruption threatens to undermine any moral authority to which the regime may cling.”<sup>181</sup> My argument is not a guarantee that a new regime would be reformist in nature, but it certainly has a better chance than the current situation under Kim Jong-un. How possible is this scenario? As with anything involving this country it is hard to predict. What is clear is that while the recent purge of his uncle was a clear sign that nobody is safe from

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<sup>179</sup> Ibid., 454.

<sup>180</sup> Oh and Hassig, “North Korea in 2009,” 91.

<sup>181</sup> Byman and Lind, “Pyongyang's Survival Strategy,” 70.

the young leader's wrath, the public nature of the event could also indicate that such an internal threat is becoming a reality. Furthermore, "In recent accounts of North Korea, bustling markets, contempt for leaders, and a busy cross-border trade may indeed spell the eventual downfall of the Kim regime."<sup>182</sup> As Kim Jong-un continues his power consolidation and strict adherence to failed ideology he could very well seal his own fate, much as his predecessors doomed the country through the pursuit of self-reliance and security without the tools in place to remain self-sustaining.

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<sup>182</sup> Ibid., 74.

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