

# **North Korea Today – Seeing Beyond the Obvious**

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## **Introduction**

Ten years have passed since Kim Il Sung's death and his son Kim Jong Il's rule began. Paradoxically, increasing access to North Korea has produced more confusion than clarification about its internal reality and future direction. Political dueling in Washington, D.C., Seoul and elsewhere over North Korea's present situation and future direction continues to blur perceptions of reality in North Korea. Supporters of U.S. "engagement," or South Korea's "sunshine diplomacy" collide verbally with those who favor the Bush administration's contention that North Korea is a "failed system" on the verge of bankruptcy and collapse.

Often asked questions include: How much has North Korea changed since Kim Il Sung's passing? Are North Koreans starving and is their nation on the verge of collapse? Where are North Korea's economic reforms headed – toward capitalism and political liberalism like its former socialist friends in Eastern Europe, or is Pyongyang clinging stubbornly to its *juche* form of socialism?

The intent here is not to provide definitive answers. Rather, it is to suggest that the situation in North Korea is one of change and flux. A transition is underway, but its current direction and eventual outcome remain uncertain. Regardless of one's political preferences, North Korea now appears to have backed away in recent years from the edge of economic collapse and possible political chaos. Nevertheless, the regime's ability to sustain political stability and avoid economic collapse remains closely linked to the whims of nature and continuing aid of North Korea's neighbors, especially China and South Korea.

## **2<sup>nd</sup> World Congress on Korean Studies**

A return visit to Pyongyang was imperative to escape the political dueling and mass media's muddled portraits of North Korea. Much has happened since my last visit in September 2000. An invitation from South Korea's Academy of Korean Studies (AKA) to participate in the 2<sup>nd</sup> World Congress on Korean Studies afforded an opportunity for another visit. After all, I had attended the first congress that was held in Seoul in 2002.

Participating in the one scheduled for August 3-5 in Pyongyang would balance the academic scale. It would also update perceptions of Pyongyang and provide the even rarer chance to engage North Korean scholars in dialogue. Two years of intense effort by the AKA and DPR Korea's Academy of Social Sciences had set the stage for the second conference. But in early July, a flap between the two Koreas derailed the joint venture.

### **Visitor Beware!**

Once in Pyongyang, the constant attention of "guides" is designed to restrain one's ability to grasp reality. Numerous previous visits to North Korea dating from December 1992 provide perspective on the situation today. Duties as a US. diplomat had required lengthy stays in Pyongyang and at the Yongbyon Nuclear Research Center, plus extensive travel across the western half of the nation between 1994 and 1997, allowed extensive insight into this once cloistered society. Visits continued between 1998 and 2000 in connection with humanitarian related activities.

Experience is an invaluable teacher. Multiple visits supplemented with extensive reading about North Korea enable the repeat visitor to more accurately assess what they encounter on a typical visit to Pyongyang. What one sees is less important than how one looks at what they see. Often the itineraries are the same for different trips. Official visitors go from the airport to either a hotel or an official guest house. A tour of the city is usually to the same sites: the Juche Tower, Kim Il Sung's birthplace, the Children's Palace, maybe even the circus or a "market." But along the travel route, the well prepared observer develops a set of mental indicators by which to assess the reality beyond what is obviously visible.

Exposure to different guides and explanations during numerous visits teaches one to look beyond the obvious and to read between the lines. Politics propels thinking in North Korea. It determines which foreigners are invited and what they can see. One's host in Pyongyang aspires to make the visitor either an admirer or advocate of North Korea's "*juche*" system. Once the visitor recognizes the political motivations behind North Korea's hospitality, mere observation gives way to comprehension.

### **Pyongyang Revisited**

The lights were on in Pyongyang when the bus carrying the group of foreign scholars finally reached the North Korean capital's eastern suburbs. It was after 9:00 P.M. The special Air Koryo flight had left Beijing at 5:00 P.M. carrying about forty scholars from China, Japan, Russia, Australia and the United States en route.

The usual ninety minute flight took four hours. The Soviet era plane had become a sauna in Beijing's stifling heat and humidity. After all, it was August 3. The gray mist oozing from the ventilation system only increased the discomfort. Paper fans passed out by the stewardesses were useless, except as souvenirs. Only after the aircraft leaped from the bumpy runway into the heavy gray layer of air pollution that shrouded Beijing did the air conditioning slowly cool the aging airliner. Cheerful stewardesses, dressed in bright red (mostly red), white and blue uniforms, promptly served a huge feast of beef stew, rice, bread, meat balls, jam, cake and fruit. Ample amounts of Pyongyang's new beer, much improved over the earlier watery brands, and a variety of soft drinks, which still lacked sweetness and fizz, accompanied the meal. Someone had successfully impressed all with the abundance of food now available in North Korea.

Kim Il Sung's portrait still dominates the Pyongyang International Airport's main terminal building. The same Soviet-designed jet and propeller aircraft flank both sides of the two story gray structure. The same blue and white bus slowly drove to the plane's side, collected the passengers and returned to the terminal about a foot ball field away. Brilliant lights abruptly blinded the foreign scholars as video and motion picture cameras began to record the exchange of greetings. Nothing about the arrival process had changed, except the installation of sophisticated, German made x-ray machines that see inside all incoming baggage.

The road from the airport into Pyongyang has undergone only cosmetic changes since 1992. Surprisingly, all the lights were on in the small town near the airport. More people still walked along the road, but unlike before, many men rode bicycles (women do not yet ride bicycles). A few cars and an occasional broken down truck were visible, both relatively normal sights.

### **Let There Be Light**

Once in the city, the most striking feature was how brightly lighted the city was. Every light in every room and hallway of every apartment building we passed was lighted – a most unusual sight. Clearly, the lights were intended to tell the visitors that a steady supply of electricity is again available. Surprisingly, this proved true during the entire four day stay. Every building visited was brightly lighted and amply air-conditioned, both previously rare occurrences in Pyongyang between 1992 and 2000. Neither the lights nor air conditioning went off a single time in four days.

A thin black veil covered Pyongyang, a consequence of the heavy black smoke that bellowed constantly from Pyongyang's two power plants during the entire stay. The plants burn a mixture of coal and heavy fuel oil, the thick sludge residue left after crude oil has been refined. Both plants were visible from the Sosan Hotel located in western Pyongyang where the foreign scholars were lodged.

There was a strong political undercurrent beneath the well lighted city and air conditioning. Both were designed to convince visitors that North Korea had resolved its energy crisis, at least temporarily. For years, North Korean officials had blamed the shortage of electricity on the flood of 1995 and the United States and Korean Peninsula Energy Development Organization (KEDO) for their irregular deliveries of heavy fuel oil (HFO). The torrential rains of 1995 and 1996 did indeed flood numerous coal mines and undermine coal production.

As for HFO, North Korea imports all of its oil produces. Under the 1994 U.S.-DPRK Agreed Framework, the United States promised to deliver 500,000 metric tons of HFO annually pending completion of two modern nuclear power stations. Funding shortages disrupted the deliveries and the Agreed Framework's collapse in November 2002 ended the HFO deliveries. Obviously, the absence of KEDO supplied HFO in the summer of 2004 had an impact on North Korea's ability to generate electricity.

Each night, Pyongyang's sky light grew a little darker until the third night when just a few lights shone across the city's sky line. But the air conditioning churned on.

### **The Academy – Orthodoxy's Guardian**

Our hosts were constant companions intent upon keeping us focused on the conference. All were members of the Academy of Social Sciences, a group that has no counterpart in a democratic society. The Academy's primary role is to ensure conformity between the *juche* ideology and all social science related academic activities. It plays a central political role in North Korea's highly centralized and structured society. To become a scholar in North Korea, you must qualify for membership in the Academy. By definition, this means all active members must first be members of the Korean Workers' Party (KWP).

The Academy's president reports to the Minister of Education who chairs a committee that oversees all social science related academic activities in the nation. This committee, also staffed by the presidents of the nation's most prominent universities, determines who is to receive academic degrees, appointments to academic positions and promotions

within the Academy and its various related institutions. Merit is defined by allegiance to the nation's political leadership, conformity with its ideology and performance of one's duties consistent with a superior's expectations.

The academy also oversees the dissemination of social science related information and all related exchanges with foreign academic counterparts. This includes the writing, editing and publication of all text books, academic journals and mass media discussions about social science related topics.

A day and a half of patient conformity was rewarded with an afternoon of relative freedom to explore Pyongyang.

### **Busy Streets**

Some recent foreign visitors to Pyongyang have reported signs of significant change. They cite police busy directing traffic, numerous bicycles, sidewalk peddlers and "markets." Others have reported the "dollarization" of North Korea's economy, bewildering inflation and signs which they interpret as indications that the *juche* socialist economy is drifting toward capitalism.

The obvious in Pyongyang can distract from the reality and prove illusionary. Like the bright lights that initially create vivid images, they may dim with continued exposure. Also, often the unseen is of greater significance.

The plums of black smoke and numerous cars and bicycles in the streets, like the lights, are obvious facts. So too are the bright new double-decker blue and red city buses imported from Hong Kong, and the many new electrified buses. Their numbers and newness seize our attention. Our guides are quick to point them out. Less noticeable, and possibly memorable, is the old. The poorly maintained red and white trolleys are aging quickly. The ancient electrified buses still crawl along many main streets. Despite the numerous cars, all forms of public transportation remain over crowded.

The cars suggest something less apparent but more significant. They highlight the fact that North Korea very much remains a society stratified according to political prowess. Only the privileged can ride in the aging Japanese sedans. The less privileged majority still wait in long lines to commute via bus, trolley and subway from their suburban residences to their mid-town work places.

Actually the number of cars on the street, like the lights and smoke, say more about the availability of oil than anything else. These things are a more accurate barometer of North Korea's relations with China, its primary supplier of crude oil, than anything else. Over the years, the number lights in buildings and cars on the streets has risen and fallen in proportion to the flow of crude oil from China. When that supply abruptly ceased late in 1992, Pyongyang's streets were virtually empty. But since 1997, when a steady supply of oil resumed, traffic promptly picked up. Air conditioning in the summer, like heat in the winter, is still considered more a luxury than a necessity. In August 2004, Pyongyang seemed to be enjoying an abundance of electricity and fuel for cars.

### **Invisible Economic Indicators**

Bright lights and busy streets, however, are not necessarily indications of a healthy economy. Equally noticeable was the absence of new cars from anywhere. For more than a year the Unification Church funded Pyonghwa (Peace) Motor Company which has been assembling small sedans in North Korea. According to guides, these cars sell for about \$12,000. Not a single one was visible during a four day period, either in Pyongyang or on the two hour drive to Myohyang Mountain resort north of Pyongyang. Instead, all the cars are older model Japanese sedans. Only foreigners drive new SUVs, including the Hyundai Santa Fe, a South Korean product. Pyongyang has at least two of these vehicles.

Also noticeably absent were vehicles hauling cargo or delivering commodities in the city. An abundance of such vehicles is a good indication of an active economy. But cargo carrying trucks on the road to and from Nampo, the main Western port, remain a rare site. No river barges are yet visible hauling any goods on the expansive Taedong River that links Nampo port to Pyongyang. Pyongyang's two major railroad yards were empty of box cars. Only a few oil tankers were visible.

In Pyongyang, the main vehicles for delivering goods remain bicycles, tricycles and human pulled carts. Most of this activity involves moving grain and potatoes, the main commodities of the still functioning Public Distribution System (PDS). For urban residents it remains their primary source of food. Every evening when traveling from banquet sights back to the hotel, a thirty minute trip, carts full of grain sacks and bicycles with grain tied over the back fender could be seen moving slowly, purposely through the black unlighted streets.

On an early morning walk near the hotel, a small delivery truck destined for the hotel stopped a quarter mile away. The driver popped open the rear doors and handed a

bicycle rider a dirty sack that was one third filled with grain. Beneath the dirt one could make out the red, white and blue of the shield of the United States with clasped hands across it the shield, the symbol for aid from the U.S. Agency for International Development. A friend's good deed was being duly compensated. It is always reassuring to witness North Koreans putting personal preferences before *juche* socialism.

There is some new construction in Pyongyang, but most of it is designed to accommodate a growing population, not a growing economy. A few new high rise apartment buildings have popped up. But no new hotels are under construction, which suggests that the demand of a growing tourism sector has yet to out pace available accommodations. A few shops had been renovated near the Koryo Hotel in central Pyongyang, but all were dark and empty in mid-afternoon.

Other than a few stationary cranes, construction machinery was absent near all the construction sites. Human muscle remains the primary builder.

### **“Commerce” *Juche* Style**

So-called “peddlers” and “markets” remain visible. But their number has declined significantly compared to 2000. Between 1995 and 2000, large outdoor markets flourished in several of Pyongyang's residential areas. Each morning the train from the Chinese border delivered hundreds of unwashed and poorly dressed people who carried back packs bulging with corn, rice, clothing, beer, cigarettes and other highly sought commodities. After a brief rest beneath the shade trees in front of the Pyongyang Railroad station, they vanished into one of Pyongyang's many outdoor “farmers” or so-called “black” markets to sell their goods before catching the evening train back to Sinuiju.

These “farmers” markets were never illegal. Kim Il Sung in his writings of the 1960s sanctioned such markets as a necessity during the transition from capitalism to socialism. Uniformed police were visible patrolling these vast markets that covered many acres and were filled with hundreds of peddlers and shoppers. Bartering was permitted, and payment could be made in currency or kind. Beyond these markets, at virtually every major intersection outside Pyongyang, one encountered women who ran up to vehicles hoping to sell a pack of Chinese cigarettes, a couple of ears of corn or a bowl of hot noodles.

### **“Reformed Markets”**

None of this was visible in August 2004. Instead, the outdoor markets have been replaced by an officially managed system of forty-two “markets.” The most famous new “market” is the Tong Il market in western Pyongyang’s Tong Il district. Open in 2003, the blue roofed structure is filled with stalls where peddlers can sell handicrafts, food, clothing and other locally produced commodities. Prices are set in Korean won for Koreans and Europe’s Euro currency for foreigners.

None of this is “free enterprise.” On the contrary, it is all under close government supervision. The market was closed for roof repairs in August, but two of North Korea’s internationally distributed magazines featured the market in their August issues. “Peddlers” at the market actually work for domestic factories, collective farms and urban neighborhood collective associations. One third of all stall proceeds are paid to the government representatives as an occupation fee. Associations who rent the stall are permitted to retain another 30 percent of the proceeds from sales which is then divided among association members. The remaining 40 percent of proceeds can be used to purchase new stock. The market’s overseeing committee determines the price range for all commodities.

These “markets” have induced so-called individual peddlers to give up their curb side activities and join the more profitable association of organized markets. Consequently, the number of “street peddlers” has declined dramatically since 2000. A few are still visible, especially near buildings frequented by foreign visitors. This suggested their existence is more to impress the visitors than to cater to the needs of residents. Actually, according to North Korean officials, the Tong Il Market was designed specifically to cater to foreigners’ tastes and thus was located near the foreign residents’ neighborhood in western Pyongyang.

### **“Dollarization”**

Some foreign humanitarian workers have excitedly reported in recent years the “dollarization” of North Korea’s economy. The term was used to indicate the wide spread use of U.S. dollar currency, and other hard currency like Japanese Yen and Chinese Yuan, as the money of choice in North Korea. That was true until the economic reforms of 2002. At the end of 2002, the North Korea government halted all bank transactions in US. dollars. Instead North Korea began to peg all foreign currency exchanges and transactions in the European Union’s currency, the Euro. Persons who had hoarded dollars were compelled to exchange them for Euros. The black market exchange of dollars collapsed. People rushed to convert their dollars for Euros. Abruptly, “dollarization” ceased.

Actually, North Korea's currency practices in August 2004 resemble those prior to 1995. North Korea retains a dual currency system. So-called "blue" or North Korean currency is for the exclusive use of the majority of North Koreans. This currency can be used only by North Koreans in shops selling domestic products. North Korea's use of so-called "brown" currency ceased several years ago. The 2002 economic reforms replaced it with the Euro. Foreigners can use dollars, Japanese Yen and Chinese Yuan to make purchases in designated hotels, shops and markets. But all prices are quoted in Euros. Foreigners are forbidden to obtain and use the "blue" currency. Privileged North Koreans are also permitted to obtain and use Euros and other foreign currency which they may use to make purchases in special stores that stock imported goods. Similar shops existed in South Korea until the late 1970s.

These so-called "dollar" or "euro" stores stock an amazing variety of goods from China, especially Hong Kong, Europe and Japan. These goods range from all kinds of food, wine and liquor, clothing, household equipment, and dishes. Selected department stores are similarly reserved for foreigners and privileged North Koreans. Here one can purchase new Chinese bicycles, South Korean large size television sets, tools and all kinds of goods imported from South Korea, China, Europe (including cloth for men's suits) and Japan. U.S. economic sanctions make American goods scarce.

## **Food**

Traditional Korean hospitality requires that guests be well fed. The foreign scholars certainly benefited from this tradition. Food was served in abundance on the flight to Pyongyang, and in the hotel at breakfast. Each night conference participants were toasted at splendid banquets in the People's Cultural Palace (*Inmin munhwa kung*). Elaborate and colorful multi-course meals were served with an unending flow of beer, wine and liquor.

Special lunches were provided. On the conference's first day, foreign participants and some of the hosts were bussed to Pyongyang's most famous restaurant, the *Oryunkwan*. There they sampled large servings of the restaurant's two most famous noodle dishes, plus a continuous supply of beer and wine. The restaurant, closed between 1995 and 2000, was crowded with customers and the parking lot filled with cars. When asked why, our hosts explained that families had gathered to celebrate the end of another school year. True, the summer school vacation had just begun, but oddly no children accompanied their parents at the restaurant.

The next day, the foreign guests were wined and dined at a restaurant famous for its barbequed duck. Large piles of diced duck were barbequed over natural gas burners. Ample servings of rice and an impressive variety of vegetable “side dishes” accompanied the duck. Korea’s most popular alcoholic beverage, *soju*, flowed freely. The production of *soju* had ceased during the food shortage, but now reappeared in an endless supply. The abundance of this clear and potent drink, which is distilled from potatoes, suggested the previous year’s grain harvest had been sufficient enough to allow a portion of the potato crop to be converted into alcohol.

Similarly, the abundance of other alcoholic beverages, both at the banquets and in stores, indicated that the previous year’s harvest had yield sufficient grain and potatoes for the production of rice wine, *soju*, and beer. Each of the three hotels visited during the stay had many long shelves filled with a wide variety of domestically produced alcoholic beverages. The same was true in two of Pyongyang’s largest department stores. These domestic products have replaced once abundant imported liquor, wine and beer.

### **Balconies and Sidewalks**

In a nation that rarely allows foreigners to visit people’s homes, balconies, sidewalks and playgrounds provide glimpses into daily life. For years, Pyongyang’s small balconies were crowded with corn stalks and tomato plants. The sound of cackling chickens was heard everywhere. This is no longer true. Flowers now decorate silent balconies and people no longer harvest grass in parks to feed chickens.

People again appear to be energetic, well dressed and washed. They move swiftly and purposefully by foot and bicycle along sidewalks and streets. People’s faces are full, not shrunken from a lack of food. Children noisily fill playgrounds and sidewalks. Students have reappeared in uniforms of dark blue skirts and pants with white blouses and shirts topped with a red kerchief around their necks.

### **Beyond the City**

A day trip to Myohyang National Park and resort, a two hour bus ride northeast of the capital, allowed extensive viewing of the nation’s heartland. The trip took us through the nation’s northern “rice bowl” and along the southern edge of its maize belt. Along the way we passed several key industrial centers and thermo power plants at Anju, Kaechon and Namhung, plus the coal mining town of Kujang.

Late July reports in the government-controlled media claimed that heavy rain had caused extensive damage to the rice and maize crops in the region. Although it rained steadily during our trip, we saw no evidence of such damage.

Actually, the country side was in splendid condition relative to four and five years earlier. The rice paddies and fields of maize were a lush green, an indication that they had received ample amounts of appropriate fertilizer. The maize appeared to be much steadier than the feeble stocks evident in the 1990s, and each stock supported more than the usual single ear of corn. As proudly claimed by the government, rice paddies along the entire route had been reconfigured into regular sized rectangles. This reduced reliance on electric pumps and facilitated gravity feed irrigation. Reforestation was evident everywhere. Four and five row thick stands of fast growing popular trees lined the entire highway. Orchards had replaced numerous fields of maize on hill sides.

Rural life has returned to normal. Despite the steady rain, people were visible everywhere. They worked or played energetically, sights not seen between 1995 and 1998. Many walked or pedaled bicycles along the highway or on distant dirt roads and paths. Others weeded fields, watched single oxen and herds of white goats graze, or fished on the banks of rivers and lakes. Children splashed and swam in ponds and small lakes. In the fast flowing and rocky Chongjong River, groups of men panned for gold or dredged sand and gravel for construction projects.

Noticeably absent were modern trucks, tractors and other machinery. We encountered an ancient charcoal burning and steam engine propelled truck and saw a single modern cargo container carrying truck. Still there were no inter-city buses, something North Korea's government promised many years ago. Aging trains remain the primary method of long distance travel. Other than walking and bicycles, tractor pulled wagons and dump trucks remain the fastest means between towns or villages. Highway repairs and the trimming of grass and bushes along the highway are still done by hand without machines. The only surprise on the journey was the heavy black smoke that poured from the towering chimneys of the chemical and power plant complexes northeast of Kaechon.

### **The Conference**

For virtually all of the North Korean participants, it was their first encounter with scholars from the United States and Spain. Their prior experience had been limited to meeting socialist oriented scholars from Russia, China and some Korean scholars who were born and reside in Japan. Of the nine panels, the political and economic panels proved the most exciting. In the political panel, the US. government's "pre-emptive

counter proliferation” came under intense criticism while the economic panelists debated the merits of economic reform.

When an American finds himself facing hostile North Koreans, which is not unusual, the wisest path is to listen silently. Once they have had their say and been allowed a few hours to regain their composure, a carefully worded and candid response is appropriate and can even be appreciated. After a day of stoically listening to often angrily worded and highly distorted criticism of the United States, a two hour question and answer session the next morning proved mutually enlightening.

The North Korean participants, given their political environment, were understandably reluctant to break with their government’s official policies and *juche* thought. To have expected anything else would have been unrealistic. The conference certainly would have benefited from the presence of South Korean and more foreign scholars. If anything, similar conferences could prove of much greater value to all participants, particularly if more foreign and South Korean scholars attend. The conference, in spite of its inherent shortcomings, was a good beginning.

## **Reflections**

Pyongyang and its inhabitants today present a profound contrast to yesterday’s reality. Sidewalks are crowded with well fed, dressed and clean people. Children again jump and run, cheer and shout. Streets are busy with cars, many more bicycles and new buses and trolleys. Most of the lights are on at night and the air conditioning, at least in special facilities, runs all night. Restaurants are full of customers and serve ample servings of food and drink. Many less appealing sights have disappeared. The once huge lines of commuters waiting to board a bus or trolley are gone, as are the armed police patrols that once controlled the crowds. There are fewer broken down vehicles, particularly trucks. None of this is really new. Rather it is a return to the reality before 1995.

Is this a sustainable reality? Since 1992, North Korea has vacillated between a workers paradise and a land of famine, and between a nation intent upon earning the international community’s respect, and between threatening humanity with its nuclear “deterrence.”

North Korea remains an illusion crafted to impress foreigners, to appease its citizens, and to deter its enemies. Behind the façade of today’s plenty remains the reality that it could abruptly fall back into famine. Today’s abundance is a consequence of nature and the international community’s compassion, plus the fruits of the government’s coercive foreign policy. The highest levels of government know that controlling nature is impossible. This is the lesson of what happened in 1995 and 1996 when nature wrecked

havoc in North Korea. Only the international community's generosity saved the North Korean people from famine. Nature could again, just as quickly and easily, destroy today's abundance because North Korea's economic policies cling to past policies rather than innovative and forward looking ones.

Kim Jong Il's foreign policy today has revived his father's once coercive strategy of squeezing aid from neighbors by threatening to do what they opposed. North Korea's resumption of its nuclear weapons development program has convinced China, South Korea and, to a lesser extent, Japan to supply crude oil, grain, hard currency, access to modern technology and some investment capital. This, not economic reform or movement away from socialism toward capitalism, accounts for North Korea's relative economic well being today.

If North Korea is to sustain today's apparent abundance, its leadership must be convinced to forgo its traditional coercive approach to the international community and instead shift to taking the steps necessary to earn respect and, through trade, the hard currency to pay for its imports of oil and grain. Otherwise, either nature will again wreck havoc on North Korea, or the possibility of war will continue to impede its economic development. The burden of success in this endeavor rests equally on the leadership of North Korea and of the international community, particularly Pyongyang's primary antagonist the United States.