INTRUDING
ON THE HERMIT:
GLIMPSES OF
NORTH KOREA

BRADLEY K. MARTIN

Based on three visits to North Korea by an American journalist between 1979 and 1992, this report highlights changes from the 1970s, when the North had much to boast about in its comparative level of economic development, to the 1990s when communism's failures at home and abroad have placed the regime in desperate straits.

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**SUMMARY**

In the post-Korean War period, South Korea turned in a dismal economic performance while the North Koreans used the Stalinist model to lay an impressive base for economic development. Becoming all-powerful at home as he eliminated his rivals, North Korea’s “Great Leader” Kim Il-sung in 1958 even boasted that his country would catch up with Japan. In the 1960s, though, Pyongyang started to bump up against the limits of what could be achieved with a command economy. South Korean military rulers, meanwhile, finally found the formula for export-led growth that would create the “Korean miracle.” By 1972, when Northern delegates went to Seoul for talks on easing tensions, they could see that the South had positioned itself to overtake the North economically. Pyongyang then embarked on a two-decades-long series of attempts to bring in from the West, Japan and even South Korea the money and technology needed to modernize production.

As the author found on his visits to the country in 1979, 1989 and 1992, however, those efforts to modernize with outside help were doomed by the regime’s determination to keep out accompanying ideas and values that would threaten the rule of the deified Kim Il-sung and his son Kim Jong-il. Despite reported shortages of food and consumer goods, the Kims relied on their totalitarian control over the people to pull the country through without fundamental change. “Our country has no glasnost or perestroika,” one North Korean boasted in 1989. “Our policy is unchanged for 40 years. No one wants to change.” Now with the collapse of Soviet and Eastern European communism and of the communist world’s barter-trade bloc, North Korea’s economy is shrinking and its people are reportedly growing resiive. With the regime under such pressure at home, there is a danger that Pyongyang may be tempted to some drastic external action—of which its March 1993 announcement that it was withdrawing from the Nuclear Non-Proliferation Treaty may have been a precursor.
A half-century of ferocious competition between South Korea and North Korea for survival and dominance has come down to what in chess would be called the “endgame,” an analogy I borrow from Donald Gregg, former U.S. Ambassador to South Korea. The South can foresee victory but to checkmate Pyongyang’s ambitions must complete a series of final moves without serious mistake or surprise. Just ahead is a time that has the potential for being the most dangerous or rewarding phase of a rivalry that has raged since Japanese rule ended in 1945. The possible outcomes range from a maturation of South Korean politics and a successful North Korean opening to the world, with subsequent peaceful Korean unification, to economic, social and political breakdown on one or both sides of the Demilitarized Zone. There could even be another Korean war, this time complicated by North Korea’s suspected program to develop nuclear weapons.

I have been a first-hand observer of much of this struggle since 1977, when I began covering South Korea. Permission to enter North Korea has been given only rarely to American journalists, but I am fortunate to have visited the “hermit kingdom” on three occasions: in 1979 as Tokyo bureau chief of The Baltimore Sun, in 1989 as Newsweek’s Tokyo bureau chief and in 1992 as journalist-in-residence at the East-West Center. Those three visits took me eventually to almost every region of the country. This paper analyzes the North’s approach to change from the 1970s, when it had much to boast of in its comparative level of economic development, to the 1990s, when communism’s failures at home and abroad have placed the regime in desperate straits.

A BRIEF HISTORY

The communist and pro-Western regimes have struggled grimly for hegemony on the Korean peninsula for more than 40 years through war and an uneasy peace. Encouraged by Stalin, North Korea’s Kim Il-sung sent his forces south across the 38th parallel dividing line to launch the Korean War in June 1950. After American-led forces under the United Nations flag intervened and chased the North Korean People’s Army to the Chinese border, China sent its soldiers, who pushed the UN forces back. The seesawing battles ended with the two sides arrayed against each other in the vicinity of the former border. An armistice took effect in 1953, with U.S. forces remaining in South Korea to deter further hostilities.

In the post-Korean War period, the Syngman Rhee regime in Seoul faltered politically and turned in a dismal economic performance while the North Koreans used the Stalinist model to lay an impressive base for economic development. A recent study shows North and South neck and neck at the time of the 1953 armistice, with gross national product (GNP) per capita of $56 and $55 respectively; by 1960 the South at $60 had barely advanced, while the North’s per capita GNP had nearly quadrupled to $208. Even in 1965 the North’s $292 was more than three times the South’s $88, according to this
The South Revs Up

The North-South contest entered a new phase after a student-led revolution in the South kicked Rhee out in 1960 and, the following year, a group of military officers led by General Park Chung-hee took power. The authoritarian regimes of Park and his successor, General Chun Doo-hwan, gave great scope to the efforts of often brilliant economists and dynamic business leaders. They operated from the Japanese model of a market economy with close bureaucratic guidance, taking full advantage of a low-cost, hard-working, well-trained labor force. The formula worked, producing in the South a rapidly wealth-expanding, relatively free economy. The contradiction between growing prosperity and the repression needed to keep the military-backed dictatorship in power contributed to frequent political turmoil in the South.

The North soon started to bump up against the limits of what could be achieved with a command economy. According to Byoung-Lo Philo Kim, "Central planning was highly effective and capable of developing the North Korean economy at the beginning stage—the first seven or fifteen years—relying on mobilization measures. As the size of the economy grew, the complexity of planning and choice-making multiplied, making the central decision-making process more inefficient and wasteful than in the formative and reconstruction period." Despite problems, Kim Il-sung stubbornly hewed to a policy of Stalinist centralism. Meanwhile, the cost of Pyongyang's obsession with military superiority over the far more populous South proved to be a crushing burden.

According to one analysis, 1976 was the first year that the South's per capita GNP surpassed that of the North—but the South's growth rate had outpaced the North's since 1966. By 1972, when delegates from Pyongyang went to Seoul for talks on easing tensions, it was becoming apparent that the South had positioned itself to overtake the North economically. The duly impressed Northern delegates—to the extent they dared to be seen as bearers of bad tidings—took the news home to Kim Il-sung and their elite colleagues.

The North Stalls

Modifying Kim Il-sung's policy of national self-sufficiency or juche, the Pyongyang regime tried to change its luck by importing technology. In the early 1970s, North Korea borrowed hundreds of millions of dollars to buy new factories from Japan and the West. The plan was to repay the debts with the increased export income that the new technology would provide. But the strategy failed, partly because of a downturn in the world economy. Unable to repay those debts, the regime became known in international financial circles as a bad credit risk. Pyongyang

set of estimates. Meanwhile, a Western academic's 1965 article entitled "Korean Miracle" referred not to the South Korean but to the North Korean economy.

Pyongyang's propaganda organs capitalized on this economic progress to portray the North as an egalitarian paradise. "The South was literally a desolate land," wrote an East German who visited North Korea in the early 1960s. "Only helmets of the American soldiers were shining. But to the north of the demarcation line as far as the eye can reach there were fields of golden grain." Premier Kim Il-sung in 1958 even boasted of "our ability to catch up with Japan in the machinery industry." Becoming all-powerful at home as he eliminated his rivals, Kim was held up as a beacon to the countries of the Third World and the Nonaligned Movement.

Citing a U.S. Central Intelligence Agency report among others, Byoung-Lo Philo Kim (1992:66) observes: "Although a GNP comparison is hard to draw because of the lack of reliable data and differences in measurement, several estimates agree on the suggestion that the North had a higher per capita output than the South at least until the mid-1970s."

Unlike the Soviet Union and other East European countries, which tended to decentralize business management gradually, North Korea adopted in 1961 a policy of further centralizing and tight-ening up entrepreneurial control and management (Cha 1979:3). Katsumi Sato, editor of Gendai Korea and a leading Japanese Korea-watcher, told me this story in a 1991 interview: Before the North and South agreed on a joint declaration in July 1972 that was to be the beginning of a dialogue, North Korean Vice Premier Pak Son-chol secretly visited the South. When he returned to Pyongyang, he reported to Kim Il-sung that the South was not the backward, poverty-ridden country popularly portrayed in the North. Kim snapped: "You look at things that way because your ideology is wrong." After that, Pak dropped out of sight for three or four months. Sato said he heard from more than two North Korean sources that the vice premier was sent to a Workers' (communist) Party school for ideological reeducation. If he hadn't been a relative of President Kim's, his punishment would have included loss of his job and authority. Sato said: "The point is, everybody has seen this sort of thing happen, and therefore nobody working for Kim and his son will tell them the truth."

"In a nutshell," Kim Il-sung said in a speech in the 1970s, juche means "having the attitude of master toward revolution and construction in one's own country. This means . . . refraining from dependence upon others and using your own brains, believing your own strength and displaying the revolutionary spirit of self-reliance, and thus solving your own problems for yourself on your own responsibility under all circumstances. It means . . . applying the universal principles of Marxism-Leninism and the experience of other countries to suit the historical conditions and national peculiarities of your own country" (Scalapino and Lee 1972:660).
had botched the first of many attempts to take money and technology—but not ideas and values—from the West.

Pyongyang’s image was damaged further in 1976 when ax-wielding North Korean soldiers killed two American officers who were supervising soldiers trimming a tree in the Demilitarized Zone.

Casting about for anything that could arrest the negative trend in its fortunes, Pyongyang noted the positive results of the “ping-pong diplomacy” that led to diplomatic relations between China and the United States. North Korean officials figured reducing tensions with Washington—preferably over the head of Seoul, which they still derided as a “puppet” regime—could give them some room in which to maneuver. Thus Pyongyang, hosting the world table tennis tournament in April 1979, tried some ping-pong diplomacy of its own. It received the first large contingent of Americans to visit the North since the Korean War. I was part of the accompanying press delegation.

1979: TO THE CITY OF THE GOD-KING

Reading about the Kim Il-sung personality cult had not fully prepared me for Pyongyang. The appearance of the city, the workings of the economy, the diplomatic initiatives of the time—all were mere details, secondary to the astonishing all-pervasiveness of the Kim cult.

Everyone I spoke with sprinkled his or her speech with references to “our respected and beloved leader,” “our great leader,” “our fatherly leader.” Everyone I saw wore Kim’s unsmiling portrait on a gold-framed, enameled badge pinned to the left breast. Larger portraits and statues of the leader were everywhere.

To North Koreans, Kim Il-sung was more than just a leader, he was the center of a virtual religion. Kim showered his people with fatherly love; perhaps he was immortal. This realization crystallized one evening as I watched a performance of the opera “Song of Paradise,” in which a chorus, overcome with joy at the wonders of socialist construction, unleashed a mighty, soaring, swelling hymn worthy of the Mormon Tabernacle Choir: “With the Leader who unfolded this paradise, we shall live for generations to come.”

A partial listing of Kim Il-sung’s talents made Thomas Jefferson and Leonardo da Vinci look like dropouts. Kim was the country’s leading novelist, philosopher, educator, designer, architect, industrial management specialist, general, ping-pong trainer—and agriculture experimenter. “Our great leader,” said my interpreter, “has a small plot at his residence where he tests planting for a year or two.” Finding a promising strain, “he gives it to the scientists.”

Reverence was the expected response to the leader’s great love for his people. In North Korea, nearly all the songs we heard were about Kim Il-sung. Usually they were sung tenderly, with the exquisitely agonizing but somehow exultant groping upward toward something precious but lost, perhaps unknowable, that characterizes much serious church music in the West.

Television documentaries showed the president out among the people, giving “on-the-spot guidance” to farmers. Sweet, sad instrumental music began when his face became visible. A television news program showed a foreign visitor picking up a book from a display. The camera moved in for a close-up of the volume, which was one of Kim’s many works. Sweet, sad music played as the image lingered on the screen. People, at least those with whom
foreign visitors got to talk, spoke about the leader the same way they sang about him—solemnly but lovingly. Their eyes showed their sincerity, and there was no outward sign of cynicism.

The educational system had trained youngsters to worship Kim. Schoolbooks portrayed him in heroic roles, especially leading guerrilla forces prior to liberation from Japanese colonial rule in 1945. The stories were illustrated with drawings similar to those of Sunday school literature in the United States. Some pictures showed an adult Kim, sometimes surrounded by children in tableaux reminiscent of pictures accompanying Jesus’s words, “Suffer the little children to come unto me.” An aura, similar to a halo, was even affixed to the great leader’s head. A student at Kim Il-sung University told me about how Kim Il-sung had sent a team of doctors and medicine “worth the cost of a small factory” aboard one of his planes when he heard that a resident of the mountains was critically ill.

Kim Il-sung clearly possesses considerable political genius. In his ability to make North Koreans feel personally indebted to him, he seemed to operate much like a successful old-time American big-city boss. Whatever anybody got in the way of goodies came in Kim’s name, as a “gift.” Instead of Christmas, North Koreans celebrated Kim’s birthday—and the great leader gave a present to each child, just like Santa Claus.

I wondered if the popular reverence was truly unanimous and asked the one of my official escorts who had seemed the most forthright. “Of course we have of my official escorts who had seemed Santa Claus. I gave a present to each child, just like Christmas, North Koreans celebrated Kim’s birthday—and the great leader gave a present to each child, just like Santa Claus.

The younger Kim had been largely out of the public view for several years. There had been rumors that he was dead, or had been in an automobile collision and was a “vegetable.” By 1979 it was known that he was alive and healthy, but he was hardly ever mentioned by name publicly. Rather, he was referred to by the code term “the party center” or “the glorious party center.” Many Pyongyang-watchers thought this curious anonymity had to do with efforts to buy time in which to pacify those who were not eager to see a hereditary succession.

Still, by 1979 Kim Jong-il’s days in the political wilderness appeared to be ending. His likeness had started to appear alongside that of his father in a few of the portraits that decorated entrances to buildings.

The Land that Juche Built

Although statistics say that South Korea had pulled ahead of the North in per capita GNP by 1979,† a first-time visitor could still find himself favorably impressed by the economic and social infrastructure of North Korea. Four decades of Japanese rule had built up a substantial infrastructure in Korea, but much of that had been wiped out in the Korean War. Both restoring and building anew, the North Koreans had achieved considerable industrialization. At the same time they had irrigated, fertilized and mechanized in their struggle to squeeze from their largely mountainous land enough food to sustain them. People seemed to be adequately housed and clothed. Although few North Koreans were fat, I didn’t notice any obvious signs of malnutrition.‡ There was austerity, apparently rather evenly shared, but I did not see destitution.

Chaperoned journeys outside Pyongyang revealed neat rice paddies, vegetable fields and orchards lined with irrigation canals, trucks and tractors greatly outnumbering the bullock-pulled carts and plows, and farmers housed in apartment complexes or clusters of tile-roofed, masonry-walled houses. Here and there were towns and small cities, each a miniature Pyongyang, the men and women neatly dressed, the children

* I observed some of those gatherings in Tokyo. They were small sessions sponsored by the association of pro-Pyongyang Korean residents and attended largely by figures from the Old Left and New Left.

† Byoung-Lo Philo Kim (1992:66) estimates South Korean per capita GNP of $518 versus $605 in North Korea in 1975, the last year he thinks the South was behind.

‡ Of course, what I did not see could have been a different matter. There may well have been validity in South Korean reports such as this one: “The claim of the Pyongyang regime to have attained the goal of 8 million-ton grain production is belied by the prevalence of Pellagra victims caused largely by malnutrition throughout north Korea. A shortage of food grains that forces the north Korean population to eat large quantities of maize with little intake of animal protein makes north Koreans vulnerable to the disease” (Lee 1979:7, 9). Scholars from the area of Northeast China near the North Korean border also told me in a 1992 interview that problems of insufficient food had begun before my 1979 visit.
walking to or from school in the uniforms of the youth corps.

All this seemed at first glance to set North Korea apart from other developing nations—despite extremely negative appraisals describing the country as an economic basket case that had started to appear in Western studies and press reports. To ride for mile after mile through broad streets lined with trees and neat, multistory apartment buildings in the park-studded capital of Pyongyang was to find that apparent reality contrasted sharply with such outside views.

Reports of North Korea's economic shambles, however exaggerated compared with the real situation in 1979, did have their basis in genuine difficulties. One was the country's failure to pay its foreign trade debts, estimated by 1979 to amount to more than $2 billion. In addition, drought had affected harvests for several years.

But officials' talk during my visit was upbeat. Rains in that spring of 1979 had filled the reservoirs, and they claimed the country would be able to pay off its foreign debts by 1984, the end of the then current seven-year

Despite North Korea's economic problems, its capital, Pyongyang, is solidly built and clean. Most people in the city live in neat, multistory apartment buildings.
There was no sign of a real boom such as South Korea had been experiencing for several years.

An Unguided Tour Like many other visitors I could not help suspecting that the authorities had arranged for us to see only showplaces built to disguise underlying poverty. The movements of foreign visitors were minutely controlled, apparently for fear that we would learn something we should not, plus fear that we might spread alien knowledge and opinions that could undermine North Koreans’ confidence in Kim Il-sung’s leadership.

I was assigned to stay in the Potong-gang Hotel, isolated in a large park that separated its guests from the daily life of Pyongyang. I kept asking if I could wander around by myself, but this was politely forbidden. If I wanted to go anywhere, my guide and interpreter said, they would happily go with me. They took turns covering the hotel’s single exit. If I tried to leave, they would join me, escort me into the Volvo I had been assigned and give the driver directions. They explained this in terms of hospitality—I was a guest, new to the country and needed guidance—but occasionally someone would allude more or less gently to the fact that I came from a country that was officially an enemy of theirs.

I was determined to take at least one unplanned look at Pyongyang. It appeared North Koreans (like the Chinese) observed the custom of the siesta. One day after lunch I yawned conspicuously, said I’d like to have a rest and went up to my room. My guide and interpreter took the opportunity to nap in their own rooms. Once they were out of the way, I went back downstairs and strode out the lobby door into the park.

Spying a narrow footbridge, I crossed to the other side of the river and into what I took to be something approximating the real world of Pyongyang: neat apartment buildings, grimy sheds and small industrial installations. People looked at me suspiciously. I have no idea who was the first of them to rush off and inform the authorities that a lone foreigner was loose in the city, but it was only a matter of minutes before I turned around and saw a man tailing me. Still, he only followed me and didn’t force me to turn back. So for a couple of hours I enjoyed uncustomed freedom of movement.

The parts of Pyongyang I saw that afternoon turned out to be much like the places on the official itinerary: solidly built and clean, for the most part, with real people living in beige brick apartment buildings, shopping in the stores and eating in restaurants.

My handlers, looking a little panicked, were waiting for me outside the hotel when I returned. One of them angrily suggested that “special spy training” had enabled me to give them the slip. I laughed and assured him that anyone who had grown up watching cops-and-robbers shows on American television was acquainted with the techniques for losing a tail.

Comparison with the South I took a trip by car on a recently completed expressway across 100 miles of mountainous terrain between Pyongyang and the east coast port of Wonsan. Although some construction was in progress, there was no sign of a real boom such as capitalist South Korea had been experiencing for several years. Missing were the streets and highways economic plan. The plan was ambitious, calling for nearly doubled electrical power output and steel production. Many outsiders were skeptical about the chances of meeting the goals. But already North Korea had a settled, built-up, well-tended look, as if the basic development had been completed and a stage of consolidation reached.
clogged with private cars and taxis, new hotels opulent enough for Dallas or Palm Springs going up in the heart of the capital, a vibrant stock market fueled with cash from a new middle class. But neither did one see in North Korea the slums, prostitution and street waifs hawking chewing gum that were easily found in the South of 1979.

North and South Korea each claimed per capita GNP of more than $1,200. Western and South Korean estimates at the time placed the Northern figure at only about half that amount, giving the twice-as-populous South an enormous advantage in the overall weight of its economy. It was possible those estimates from sources unfriendly to the North had overstated the difference, and it was difficult to compare the two quite different economic systems. Still, it seemed that there was a gap in the South's favor and that it might well continue to widen—if the vagaries of the international economy and then-rampant inflation did not take too heavy a toll in the South.

North Korea claimed to be immune from such forces. With state-set prices, necessities were cheap. Rice, the basic dietary staple, went for the equivalent of two cents a pound at the official exchange rate. Anything deemed a luxury, on the other hand, was very expensive. A black-and-white television cost the equivalent of $175—more than three months' wages for the average worker. The state provided housing, health care and education without levying taxes.

Masters of the Nation

As for the ups and downs of the world economy, North Korea for more than two decades had been following Kim's philosophy of *juche*, which emphasized satisfying basic needs from local industries using locally available resources. That inward focus of the economy originally sought to reduce dependence on Moscow, which preferred a colonial-style arrangement of exchanging Soviet finished products for North Korean ores and other raw materials.

*Juche* had led the North Koreans to develop the ability to produce an impressive array of goods. At the industrial and agricultural exhibition in Pyongyang were exhibited thousands of products, from automated, close-tolerance machine tools to locomotives and excavation machinery to pharmaceuticals to toys—all described as having been manufactured within North Korea, a country the size of Pennsylvania.

"Maybe the quality needs to be improved, by Western standards," the exhibition director conceded, "but we're proud that we made it ourselves."

North Korea bought what it must from other countries, substituting to keep the need for imports to a minimum. The climate made cotton hard to grow and there was little land to spare for sheep to graze, so the country relied on Korean-developed processes for making fibers from locally available materials. The most notable was vinalon, made of anthracite and limestone—both of which were "inexhaustible in our country," the director explained. (He added that when it came time to build the first vinalon factory, "the fatherly leader selected the site personally.")

Production had expanded to the point that the annual cloth allotment was 35.2 meters per person—"so the question of clothing is completely solved."

North Korea, however, lacked oil, which had to be imported from China, the Soviet Union and the Middle East. The government required that workers live near their workplaces and use public transit. Officials explained that this policy reduced oil demand, and thus dependence on outsiders. In the cities, trolley systems used power generated in
Kim Il-sung seemed determined to banish any problems by intensifying the same old approaches. The sparse traffic gave Pyongyang an almost deserted look, prompting Western visitors to describe it as a ghost city.

The juche policy contrasted with South Korean development that was based largely on pushing exports and encouraging foreign investments, a policy which in North Korean eyes made the South no better than a colony of Japan and the United States. The difference could be seen in South Korean estimates that North Korea's external trade in 1978 had amounted to only $1.8 billion—about one-fifteenth the volume of South Korea's international trade.

Despite the settled look of North Korea, strains and pressures were evident. For one thing, manpower resources were stretched almost to the breaking point. Pyongyang's deserted look during most of the day and night was not wholly a result of mass transit and housing policy; people simply had little time to stroll on the streets.

The government claimed a maximum eight-hour workday rule was enforced, with another eight hours reserved for study and the remaining eight hours for rest, according to the dictum of President Kim. But parks and housing complexes were almost devoid of people until late in the evening and questions about actual work starting and quitting times elicited vague replies. Nurseries kept children until 8 p.m. or later while their mothers, if they were not working overtime at their jobs, attended group study sessions.

Among young workers, one saw far more women than men. South Korean figures said women made up nearly half the labor force. Foreign intelligence agencies at that time estimated that about 700,000 men (or one in every 24 North Koreans) were in military service. (The current estimate is almost one million.) Officials in Pyongyang denied that there were that many, but indirectly acknowledged that maintaining a huge and costly military force put a crimp in economic development. "It's difficult to do something with one hand tied behind our backs," one said.

Consumer goods were another problem. Shortly after the Korean war, the regime resolved policy disputes in favor of President Kim's formula of going all out to build heavy industry, putting off until later an improvement in living standards beyond the spartan level. The results could be seen by comparing North Korea's serviceable machine tools with its consumer goods: scarce, crude and lacking in variety.

The country made basic appliances—electric rice cookers, washers, refrigerators, televisions—but had yet to place them in all households. This would take "a few years," an official said. Furniture looked as if it had been banged together by children in a shop class, clothing was generally poorly tailored, the radio-phonographs in hotel rooms did not work. "Improving the people's life" was a major goal of the then current seven-year economic plan, and officials said the plan emphasized improving the quality and variety of consumer goods.

Part of the quality problem was said to result from the laziness of some workers who lacked the communist attitude of "one for all, all for one," and who were not behaving, in President Kim's phrase, as "masters of the nation." In

* Women made up 45 percent of North Korea's labor force in 1981, according to the South's National Unification Board. By 1989, according to Eberstadt and Banister (1990), the far greater participation of women in the North's work force was reflected in a total participation rate for both men and women of 78.5 percent. This compares with an official South Korean work force participation rate for the same year of 58.3 percent (Byoung-Lo' Philo Kim 1992:92).
that stage of development of North Korean society, officials admitted, it was necessary to employ a system of material incentives. Work teams got extra money for exceeding not only quantitative quotas but also quality standards, and they were supposed to find their pay docked if their work fell off.

To make better consumer goods, North Korean leaders wanted to import selected technology from advanced countries—but they couldn't because of Pyongyang's debt problem. Even so, it seemed that the command economy had built itself an impressive foundation. The magnitude of the achievement could be judged by taking a train from Pyongyang to Beijing. The vistas of neat, substantial farm houses, tractors and rice-planting machines and well-scrubbed, solidly built towns gave way at the Yalu River to China's squalid rural huts, urban slums, people and draft animals engaged in backbreaking labor. The comparison was much more startling than any that could then be made between the economic development levels of North and South Korea.

1989: STUCK BUT STILL HOPEING

By 1989, when I next visited North Korea, South Korea's GNP had expanded to nearly $5,000 per capita while economic performance in the North continued to lag. Persistent reports reaching the outside world had told of serious food shortages. Kim Il-sung and his lieutenants seemed determined to banish any problems by intensifying the same old approaches. Communist leaders in China, Hungary and elsewhere were experimenting with individual incentives and free markets. The Pyongyang leadership meanwhile dreamed up ever more costly and elaborate schemes to burnish its prestige with grandiose monuments and extravagant festivities, hoping to persuade its subjects that their sacrifices were worthwhile. But the evident confusion and panic within the Northern leadership increased as old allies in Eastern Europe and the Soviet Union cast off communism—and with it, their special relationships with Pyongyang.

One by one, countries that had favored North Korea or tried to maintain equal relationships with the two Koreas were wooing the South and ignoring the North. North Korea had little to offer. South Korea, in contrast, was a potential source of trade, investment, technology, advice and aid. The trend was clear from the time Hungary and South Korea set up trade offices in each other's capitals from late 1987. Other East European countries followed Budapest's lead, and diplomatic recognition followed trade.

From early in the 1980s, the North's leaders had responded to the signs Pyongyang was losing the contest with Seoul by resorting to terror. North Korean agents assassinated four South Korean cabinet members and 13 other officials visiting Rangoon, Burma, in 1983, and bombed a Korean Airlines passenger jet in 1987, killing all 115 people aboard. Maddeningly for Pyongyang, the South went on to increase its lead over the North not only economically but politically. In 1987 student-led demonstrations forced President Chun Doo-hwan, the ex-general then ruling in Seoul, to agree to free elections. North Korea's chief talking point had been the military dictatorship in the South; now that the South's people could choose their leaders democratically, Pyongyang would have to scramble to find ammunition for its propaganda blasts.

Among South Korea's successes, none galled the North's leaders more than the 1988 Seoul Olympics, which celebrated and spotlighted the South's newfound status. Pyongyang tried to muscle in on Seoul's act, demanding to co-host the Olympics. The South agreed to discuss the matter, but negotiations collapsed. North Korea's leaders then decided to use their turn to host the World Festival of Youth and Students—a sports-and-ideology bash well known in countries with strong socialist movements but virtually unknown in the United States—as a showcase of their own. Having kept Western journalists at a distance since suffering unfavorable coverage of the 1979 ping-pong tournament, Pyongyang officials decided to admit a press contingent. In the summer of 1989 I found myself once again in Pyongyang.

Through an accident of timing, the Pyongyang festival opened right after the Tiananmen Square massacre in China. Not only journalists but even delegates from European countries with relatively moderate socialist movements focused on the obvious similarities between the human rights situations in China and North Korea. People attending the festival's opening ceremony watched as Scandinavian and Italian delegates, marching around the stadium, briefly held up signs questioning human rights policies in North Korea and in China.

The demonstration was, to be sure, a foreigners' protest. The assumption must be that the North Koreans seated in the stadium and witnessing it were part of the privileged class of Kim's loyalists, permitted to reside in the capital and perhaps less likely than others to be inspired to action by the protesters' signs. North Koreans insisted, as in 1979, that they enjoyed complete freedom. What about the reports by human rights groups that tens of thousands of citizens were imprisoned for political offenses? "There is no one against the government in our country," a festival guide replied. "It's a lie."
Yet, foreign analysts who had interviewed refugees from North Korea, for example, had quoted some of the Northerners as complaining about exhaustion from the almost constant demands for "voluntary" labor and "speed campaigns." And a human rights group claimed that 40 students at Kim Chaek University and another college campus had been arrested a year earlier after posters appeared questioning the regime's economic policies.

**Economic Problems**

Electrical power was in permanent shortage. Stores were not switching on their lights except during weekends and on special occasions. The youth festival was just such a special occasion, and huge amounts of power were used to light up Pyongyang and cool the visitors. The effects of the power shortage could be seen when trolley buses stopped one morning as the result of the visual tors. The effects of the power shortage were available but meat was a rarity on most North Korean tables.

North Korean officials in 1989 denied persistent reports of food shortages. Officials acknowledged that rice was rationed, but the figures they gave for rations (700 grams a day for an adult, 500 for a child) seemed adequate assuming they were accurate. The question was what the diet might include beyond the staples of grain and kimchee (spicy pickled vegetables). Foreigners living in Pyongyang said that eggs were available but meat was a rarity on most North Korean tables.

Although North Korea in 1979 had seemed economically advanced compared with China, the Chinese since then had benefited from a decade of economic reform. On paper, North Korea remained far ahead on a per capita basis when compared with Beijing's official economic statistics. The visual evidence suggested, however, that the Chinese had overtaken the North Koreans decisively.*

**Consumer Goods**

Clearly consumer durables were a problem, although the regime sought to counter the impression. During the youth festival the authorities stepped up shipments to the stores. I doubted that the stores shown to foreigners were representative of those where ordinary North Koreans routinely shopped. Even so, the goods displayed there in 1989 were an improvement over the dreary selection seen a decade earlier. Designs of some goods such as women's handbags had clearly improved. Clothing, especially women's clothing, showed more color and variety.

Some items were notable for either their unavailability or their poor quality. One popular item among North Koreans was a stereophonic portable cassette-tape player, but I was unable to find one in any of three downtown Pyongyang department stores. Instead shoppers were offered tinny-sounding, primitive phonographs.

In 1979 a handmade prototype of a sedan had been displayed at Pyongyang's Exhibition of the Achievements of Socialist Construction. A guide there had said the country hoped to go into mass production. By 1989 the earlier model had been replaced by two new handmade prototypes of a car to be called the "Pyongyang"—an out-and-out copy of the Mercedes Benz 190, of which the country had recently imported a fleet. Production would start soon at a factory then producing military jeep-type vehicles, said an exhibition guide. I decided not to hold my breath.

* A report by the East Asia Analytical Unit of Australia's Department of Foreign Affairs and Trade, cited in a Reuters report in Korea Times (18 Dec. 1992:7), stated that China's "official data seriously underestimate China's GDP (gross domestic product) by a factor of three." Tripling China's official per capita GDP figure of $370 as the Australian analysts suggest would yield a sum in the range of most estimates of the North Korean per capita figure.
Clearly it would be hard to meet North Koreans' rising expectations without importing huge quantities of goods—or, more practically, the foreign technology to produce them. Importing technology would entail joint ventures and other dealings with the capitalist world. A half-hearted and sketchy stab at a joint-ventures law in 1984 had failed, predictably, to attract much foreign investment interest.

**Changing to Stay the Same**

In 1989 it was possible to detect a few striking, if relatively modest, shifts in attitudes and behavior. The authorities wanted to change the image of North Korea as an Orwellian horror of brainwashed people. “Everybody says Koreans are like machines, answering mechanically and smiling mechanically,” complained a Pyongyang official. “It’s not true. Everybody is different.”*

Overall, North Koreans seemed somewhat easier and more relaxed—among themselves and with Westerners, including Americans—than their counterparts a decade before. Spontaneity was much more in evidence. Although North Koreans still sang the praises of *juche*, they seemed less obsessed with giving the impression that everything was Korean-made. At the Taean Heavy Machinery complex near Nampo, officials conducted a tour of a factory making electrical generators and identified many of the machine tools as foreign-made. They offered no excuses. North Koreans seemed to smile and laugh more in the presence of foreigners. In some cases they exuded so much warmth and hospitality as to make almost plausible the government’s goal of increasing tourism several-fold in the next few years—to fill up the thousands of hotel rooms newly built and under construction. But it would not be easy to project an image that would attract masses of foreign tourists.

A visible change of questionable significance was construction of the first Protestant and Catholic churches permitted to operate in Pyongyang in decades. The Protestant Pongsu Church displayed on its walls none of the otherwise ubiquitous portraits of Kim or his son. Congregation members as unobtrusively as possible removed the miniature Kim portraits from their breasts before starting worship. No church members or clergy were members of the Kims’ ruling Korean Workers’ (communist) Party, a clergyman said, because “we Christians believe in God.” Church members speaking through government-assigned interpreters denied reports by foreign human-rights monitors that they suffered discrimination in economic benefits and legal treatment.

The real question was whether Kim’s regime was flexible enough to make far more drastic changes. It was the heyday of *glasnost* and *perestroika* in the Soviet Union but North Koreans knew little or nothing about Soviet reform. They didn’t even know about the popular protests that had been raging next door in China.

My guide, a college English teacher in his late 20s, mentioned that he hoped to go the following September to Beijing to study English and Chinese. I asked him if he knew what had happened at Tiananmen Square. “A little bit” about it was in *Rodong Shinmun* (Workers’ Daily), the party newspaper, he said. Getting his information from the only source available to him, the party-lining North Korean media, he had not even heard the terms *glasnost*

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* Kim Il-sung himself voices a similar complaint in his autobiography, *With the Century*. He writes, “Some people say that communists are devoid of human feelings and know neither life nor love that is worthy of human beings. But such people are totally ignorant of what communists are like” (Kim Il-sung 1992, 2:99).
and perestroika before I explained them to him. He dismissed, however, any need for reform in North Korea. “Our country has no glasnost or perestroika,” he boasted. “Our policy is unchanged for 40 years. No one wants to change.”

A look at North Korea’s agriculture suggested the degree to which the country was unwilling or unable to commit wholeheartedly to reforms. The official line contradicted the clear evidence of what worked best. In small private plots, to take the most readily gauged example, the corn was taller than corn growing in nearby fields that were farmed collectively. Despite such visual proof, North Koreans publicly continued to denigrate those private plots, and the markets at which their produce was sold, as shameful relics of the bad old pre-socialist days. While other communist countries were experimenting with private enterprise, North Koreans still were allowed to cultivate privately only their miniature patches of yard. The proclaimed policy was not to expand that tiny private sector but to phase it out.

North Koreans insisted that financial incentives were passé, but their actions suggested the opposite. By 1989 reports had reached the outside world of self-seeking behavior. For example, higher ranking officials might demand bribes of scarce goods such as color television sets in exchange for handing out promotions.

Against this background occurred an incident in which a festival guide asked one of the journalists for American currency. He said he wanted dollars to spend on foreign goods, which were on sale in the special hard-currency shops established for the youth festival. It is possible he had been instructed to ask for money as part of the regime’s efforts to accumulate foreign exchange, but I suspected he had made the request on his own initiative and for his personal benefit. This instance of seemingly individualistic behavior reinforced a sense that the regime might have given up some of its rigid control, perhaps to a greater degree than planned.

The regime had paid a bonus of one month’s salary to the country’s workers in a typical heroic painting, Kim Il-sung (middle), Kim Jong-il (far right) and South Korean radical student Im Su-gyong (second from left) view the West Sea Barrage. Ms. Im has assumed a Joan of Arc role in North Korea’s pantheon of heroes and heroines.
before the festival opened in recognition of their hard work in a "200-day speed campaign" to meet production and construction goals. In practice, then, there was a gradual shift from the old-style "moral" incentives, such as medals for labor heroes, to financial incentives—officially keyed, to be sure, to group rather than individual performance.

Whatever bourgeois sins North Koreans might be tempted to commit, however, they gave every appearance of believing in old-fashioned communism, tied closely to the Kim cult. As before, I was left with the feeling I had traveled to the center of a great and still-burning faith.

As in 1979 the North Koreans I met constantly praised Kim Il-sung for having built a socialist paradise guaranteeing jobs and food, decent housing and free medical care and education, but now they were also adding references to Kim Jong-il, the "dear leader." Kim Jong-il had long since been officially proclaimed his father's successor.

A mammoth effort was underway simultaneously to maintain the Kim Il-sung personality cult and to stretch it to superhuman terms. Pyongyang's Revolutionary Museum of the Dear Leader Comrade Kim Jong-il showed painting after painting of the junior Kim as a student at Kim Il-sung University, striking leader-like and sagacious poses while adoring members of the Class of 1964 beamed up at him. A guide said that at age eight the prodigy had read Lenin's "State and Revolution" and written a commentary on it.

Pyongyang continued to rely on propaganda campaigns to whip its people into a revolutionary frenzy of over-production. Carried on at breakneck speed and referred to with borrowed military terminology as "speed battles," its orgies of construction were the sort of exercise of which even the most dedicated ideologues must soon have tired. Yet North Koreans had battled on, so that those visiting for the youth festival found new wonders to behold.

In downtown Pyongyang, the basic concrete work had been completed on a pyramid-shaped 105-story hotel, intended to be Asia's highest once completed. As yet, it is still unfinished.

A major construction goal in 1989 clearly was to try to outdo Seoul's Olympics, and no effort or expense was spared. Besides stadiums and other venues for the festival's sports events, North Koreans had built streets lined with high-rise apartment buildings; those would house the festival participants. Later they would be turned over to citizens. Pyongyang's skyline soared, and the opening and closing ceremonies for the youth festival proved more elaborate even than the extraordinary shows Seoul had put on for the Olympics.

Fans Abroad

Despite its profound problems, North Korea in 1989 still managed an appearance of dynamism that appealed to some people outside its borders. The ideology was even proving exportable to South Korea. Radically inclined South Korean students were attracted to Kim Il-sung's teachings of revolutionary egalitarianism, economic self-sufficiency, unification zeal and anti-Americanism.

Im Su-gyong, a South Korean university student, had defied her government by visiting Pyongyang via a third country to attend the youth festival. She was promoting a pro-unification scheme for a student march from the northern end of the peninsula, across the generally unpassable Demilitarized Zone that divides North from South, to the southern end. Her arrival in Pyongyang created pandemonium. Northerners, evidently genuinely delighted and moved by her visit, mobbed her. In the televised arrival scene, the jostled cameraman was unable to keep his camera still, resulting in a rare bit of spontaneous television. Im Su-gyong soon returned to the South, where she was jailed until Christmas Eve of 1992 for violating the National Security Act. That only made her a martyr to the cause—in the eyes not only of Southern activists but also, it seemed, of many Northerners.*

Of course North Korean propaganda concerning the South was not directed only at South Koreans but at least equally at Northerners, and it was intriguing to see how the Northerners reacted. They were given a hugely distorted view of South Korea as a uniformly horrible place in need of salvation by the great leader, a land ruled by a cruel "puppet clique" in thrall to the U.S. imperialists, where the fruits of capitalist economic development had accrued to the wealthy few. Among North Koreans, those sophisticated enough to know that the South had the higher average living standard still insisted that the North's system was better because the wealth was distributed more evenly.

* During my 1992 visit to Pyongyang, I was taken to an art studio where the main non-Kim subject of the artists turned out to be Ms. Im. There were sculptures of her and paintings galore, in a variety of poses, the most dramatic a courtroom scene from her trial in Seoul.
1992 AND BEYOND

In April 1992, determined to attract more foreign investment, the North Korean Ministry of External Economic Relations hosted a week-long tour for more than 100 business executives, scholars and officials, as well as an accompanying press corps, of which I was a member. Most of the visitors came from Japan and South Korea, but a few came from China, Russia and the United States. We were to travel through remote areas that few outsiders had seen for decades. Unfortunately, once we arrived, officials said the delegation's numbers were so great that hotels outside the capital could not house the group—so we bunked together for nights on end in the sweaty compartments of a slow-moving passenger train.

Pyongyang's tour arrangements signaled more serious efforts to attract foreign investment—and for good reason. Despite Kim Il-sung's trumpeting of national self-reliance, his country for four decades had gotten more than a little help from its socialist friends abroad. Now, the communist bloc had shrunk to China, Cuba and not much else, and that flow of aid and subsidized trade was squeezed off. A clear sign that Pyongyang's external partnerships were falling apart had come in the summer of 1990, when South Korean figures estimated that the collapse of Soviet and East European communism had hit his country hard. "Because of the rapid destruction of the world socialist market," Kim said, "we can't export our goods to socialist countries and import oil in exchange." In particular, longtime partner Moscow had begun demanding payment in hard currency, which was in very short supply in North Korea.

Trade with the former Soviet republics had accounted for 38 percent of Pyongyang's global trade in 1990, but dropped to less than 14 percent in 1991, according to South Korean figures. Not only is North Korea importing less from its old ally; its exports are down even more, since its products have a hard time competing with rival free-market products. Analysts say the North's economy actually shrank each year since 1990—including, by one estimate, a sickening drop of as much as 30 percent in 1992 alone. By the end of that year China reportedly had joined Russia in demanding hard-currency settlement, further fueling the alarming trend.

Evidence of poverty and economic stagnation was abundant as we rode by train and bus from Pyongyang across the central mountains to the east coast and northward to the Russian and Chinese borders. Progress in farm mechanization seen in earlier years in other parts of the country seemed not to have occurred in these areas—or, if it had occurred, to have been reversed, perhaps because of the oil shortage. Farmers plowed far less often with tractors than with oxen, which were among the few farm animals seen. Beanpiles lining the dooryard of almost every house along the route were the only visible source of protein—helping to explain a recent propaganda campaign based on the slogan: "Let's eat two meals a day instead of three."

Little nonfarming work could be seen. At the port of Najin, for example, we were told the workers were taking a "holiday." In Pyongyang, large numbers of people were out and about in midafternoon, a marked change from the semideserted streets noted during most daylight hours on earlier visits. My guide explained that new

* Unnamed South Korean officials estimate that the North Korean economy shrank by 3.7 percent in 1990, 5.2 percent in 1991 and about 5 percent in 1992, according to a report in Korea Times (8 Jan. 1993). More alarming still is a Japanese Kyodo News Service report (The Japan Times 1 April 1993) datelined Beijing, which indirectly quotes "reports compiled by East European and Russian diplomats in Pyongyang" as saying the shrinkage in 1992 may have amounted to 30 percent.

† While North Korea claimed to have produced between eight and nine million tons of foodgrains in 1991, Russian experts estimate actual production at five million tons, according to Marina Trigubenko, director of the Asia Research Center at the Russian Academy of Sciences. At a seminar sponsored by Seoul's Korea Rural Economic Institute, Trigubenko said the North would have a hard time feeding its 21 million people even with its programs to control population growth and reclaim some 300,000 hectares for farming (Korea Times 30 Oct. 1992).
The economy has actually shrunk each year since 1990.

Working hours permitted people to start early and finish early—but reflection suggested that there might be other reasons that kept them from the workplace. All this tended to confirm reports that up to half the factories and working population had been idled by energy and other material shortages resulting from the collapse of the international socialist barter economy.

Whether operating or not, factories looked old and inefficient—and their products showed it. There were occasional bright spots. In a downtown Pyongyang department store, a new display featured stylish jogging suits. But who in North Korea could afford 148 won, about $67 at the official rate and more than a typical worker's monthly pay, for a jogging suit?

As for the choices offered provincial residents, there was no chance to find out. The train we were living on did not stop in cities and towns overnight but instead poked around in the countryside and sat on rural sidings. The suspicion that this was intended to keep us from exploring the provincial towns and cities became a certainty when we visited the port of Chongjin. Some journalists attempted to walk out of the port's gate to a nearby department store, but they were stopped at gunpoint by a port guard.

Join the World

With almost nothing positive happening in the domestic economy, a hint of change could be seen in North Korea's approach to the outside world. An international scheme for developing manufacturing, trade and shipping among countries facing the Sea of Japan, with help from the United Nations Development Program, was a major factor helping to coax Pyongyang officials out of their shells. Meetings in various cities in the region had explored multinational development of a triangular area of Russia, China and North Korea surrounding the mouth of the Tumen River, which forms the border among the three countries. Pyongyang's turn to host a conference on the proposal was the occasion for our tour in North Korea.

Skeptical about a part of the proposal that calls for multinational management of the zone—which would mean sharing power on its own territory—Pyongyang was proceeding with a parallel go-it-alone approach. On paper, North Korea had already established its first special economic zone at Najin and Sonbong, inside the territory that would be part of a Tumen Delta multinational zone if the Chinese and others should have their way. Trying to lure investors there—regardless of how the multinational negotiations might turn out—clearly was a big part of what the government had in mind when it admitted our group of visitors.

Although North Korea had sounded the general theme of welcoming outside investment since 1984, the 100-odd businesses resulting from the joint-venture law enacted that year had brought in foreign funds estimated by South Korea's Unification Board at only about $150 million. Most of that money had come from pro-Pyongyang Korean residents of Japan. In those ventures the government unofficially permitted some capitalist-style incentives—such as "gifts" of merchandise to more productive factory workers. From an investor's viewpoint, key points remained unclarified in the joint-venture and foreign exchange regulations. Outsiders' distrust had combined with internal inertia to keep real change to a minimum.

If there were reasons in 1992 to imagine that more investors might respond to the new initiatives, a most intriguing factor headed the list: North Korea had managed something of a generation shift. Kim Jong-il, who turned 50 on
16 February 1992, remained a mysterious figure who almost never met foreigners—but as day-to-day chief of the government and party he had placed protégés in a great many key economics and foreign-relations posts. Some, such as Deputy Prime Minister Kim Dal-hyon, were relatives. Still they represented "a changing of the guard," as Kim Duk-choong, former chief executive officer of South Korea’s Daewoo Corporation, said during the trip. "All are young generation—50s and 40s," Kim noted. "They’re much more forthcoming than in the past."

They were also more realistic. True, Kim Dal-hyon’s acknowledgment of serious economic difficulties had not yet become the party line; subordinates such as Kim Song-sik continued to assert that all was well and the country was experiencing little ill effect from the changes in other communist nations. Even Kim Dal-hyon insisted that his countrymen "do not have any worries about food, clothing and housing." Significantly, though, he acknowledged that "the world is changing" and that creation of special economic zones "is for our survival."

Some of the younger officials also embodied a fascinating answer to a very real question: In a country that neither teaches nor understands free-market economics, where do you find competent managers for a push to join the global economy? It turned out that some of the rising economic stars had been trained in the sciences—one of the few areas in which North Koreans can get education relatively free of ideological cant. Kim Jong-u, vice-minister of external economic affairs and chairman of the Committee for the Promotion of External Economic Cooperation, had been a nuclear scientist. Deputy Prime Minister Kim Dal-hyon himself had been a chemist and head of North Korea’s Academy of Sciences.

The deputy prime minister showed some understanding of prospective investors’ need to know just where they stood. "Detailed laws and regulations on preferential treatment for investors, free flow of people, visa and tax exemptions will be promulgated within this year," Kim promised at a press conference.

Indeed, new regulations were enacted 5 October 1992. They offer foreign investors tax breaks, guarantee them property rights and allow remittance of some profits back home. Not only joint ventures, as before, but also wholly foreign-owned ventures are now permitted. South Koreans, barred by the 1984 law, may invest in the North under the law’s new version. Tax rates, published on 6 February 1993, are more favorable to foreign investors than China’s rates.

Economic Apartheid

North Korean authorities remained impaled on the horns of an old dilemma: Although failure to open to investment by capitalists could doom the Pyongyang regime, so could the attitudes, knowledge and ideas that would enter the country along with such change. After all, how could a separate North Korean regime be justified once its subjects could see it had become merely an inferior imitation of the wildly successful capitalist Korea to the South? The proposed solution of Kim Dal-hyon and his technocrats sounded like the ultimate test of totalitarianism: establish free economic zones, but segregate them so tightly they would have no effect on people and institutions elsewhere in the country.

The experience of other countries such as China suggested that the economic apartheid envisioned would not work for long, and that real economic takeoff would both require and contribute to real market reform and opening. Pyongyang officials, however, had their marching orders. While capitalistic methods would be allowed in the trade zones, Kim Song-sik of the Committee for the Promotion of External Economic Cooperation said, "we think we can keep those methods from affecting enterprises elsewhere in the country, where the government’s economic policy is unchanged."

This strategy envisioned even more intense propaganda efforts to whip up mass enthusiasm for the status quo. In April 1992 the regime unveiled a new stage extravaganza, "Song of Best Wishes," featuring a cast of thousands who wished Kim Il-sung a happy 80th birthday and praised the system he had installed. "Winds of temptation may blow," the gigantic chorus sang, but "we’ll go our way forever. Hey, hey, let’s defend socialism!"

To prospective foreign investors, officials peddled the notion that totalitarianism has its charms—social stability not least among them. At a press conference, Kim Dal-hyon was asked whether workers for foreign firms would be subjected to the time-consuming ideological cheering sessions that workers in other enterprises must attend. Perhaps not, he indicated, but "I think our ideology will help the creation of the free economic zones."

* In a lecture on "The Unified German Economy and Its Implications on a Unified Korean Economy" delivered at Seoul’s Research Institute for National Reunification on 26 August 1992, Harvard Professor Lawrence H. Summers observed: "There is a political dynamic that was unfortunate for gradual reform in East Germany and is in North Korea. Namely, there was a reason for Poland to exist quite apart from its being communist. There is no reason for North Korea to exist except for the fact that it is communist. That is why East Germany stayed harder-line longer than Poland, Hungary and Czechoslovakia despite the blandishments of significant amounts of financial assistance from West Germany and that is why I suspect North Korea is unlikely to make a move toward a market system."
won't be any thieves, punks or pimps in our zones."

Most outsiders nonetheless reacted warily, put off not only by the unlikely strategy of development without fundamental change but also by Pyongyang's general profile—from its sorry record of debt default to its reputation for aggression to doubts about political stability once Kim Il-sung should pass from the scene. Particularly unexcited were the Japanese, who have the resources, the proximity and the history of interest in the Korean peninsula to become a major factor if they should wish to do so. Some Japanese suggested it would be hard to take Pyongyang seriously until it began paying off the old debts with some of the money that had been channeled into monuments and birthday bashes. Kim Dal-hyon pleaded for patience. "There is no reason we should pay these debts right at this moment," he said. "Creditor countries should understand the economic situation faced by socialist countries."

**Fraternal Dealings**

Blood ties linking the two Koreas could go a long way toward producing such understanding. There were reports a few years ago of South Korean proposals to buy up some of the North Koreans' overseas debt as a fraternal gesture. More substantively, in 1988 Seoul ruled that private companies could deal with the North. Chung Ju-yung, founder of the Hyundai Group, traveled to Pyongyang in January 1989 and discussed a joint $700 million project to develop a resort on both sides of the border near North Korea's scenic Mt. Kumgang.
Political considerations keep intervening, though. For example, the collapse of East Germany and its absorption by West Germany in 1990 triggered a major reassessment on both sides of the Korean Demilitarized Zone. The euphoria in Seoul was palpable as some predicted Korean reunification within five years. As in Germany, reunification would come through absorption of the former communist state by the victorious capitalist state—and only then would the South invest in the North.

As a bonus, meanwhile, news of the demise of European communism was constraining the leftist radical movement in the South, in which Pyongyang had placed its hopes for the eventual peninsula-wide victory of Kim Il-sung’s revolution. The idea of doing anything that could feed money into North Korea and help prolong its separate existence became anathema in Seoul, especially to government officials.

Members of the North Korean elite were shocked by the fate of their East German counterparts, who in the new, unified Germany turned out to have no claim to leadership and its perquisites, or even, in some cases, to decent jobs. This precedent was as horrifying to Pyongyang as German unification was inspirational to Seoul. Indeed, avoiding “absorption” became an obsession in Pyongyang.

By early 1992, though, Pyongyang’s panic over the prospect of absorption seemed to have abated slightly. The regime may have felt that a campaign to frighten any wavering members of its elite class and unify them around the Kim Il-sung and Kim Jong-il leadership was succeeding. For example, North Korean television broadcast a documentary showing former East German officials looking for jobs and peddling hot dogs on the street.

**Costs of Reunification** No doubt another cause for at least momentary relaxation in Pyongyang was a shift of opinion in South Korea by 1992 so drastic that it appeared, for the moment, that the interests of the Northern and Southern regimes might actually overlap. German unification had proven so expensive that many South Koreans who had once looked forward to a quick, German-style reunification of Korea now had second thoughts. Many now hoped for a more gradual process, one that would allow time for the North to build up its economy and thus represent less of a burden to a prospective merger partner.

“German reunification is a good example of the worst case,” said Park Young-kyu, a scholar at Seoul’s Research Institute for National Reunification and one of the South Koreans on the trip. South Korea’s Finance Ministry said the price tag, if the South should have to absorb the Northern economy before the year 2000, would be $980 billion—more than three times the South’s current GNP of $280 billion. Such estimates take into account the needs for worker retraining, improvements for infrastructure such as roads and ports, social welfare benefits for Northerners and costs for environmental cleanup and administrative integration.

Many economists feared that the gap in incomes and living standards had grown too wide to try to splice the two Korean economies together. By the beginning of 1992, the South was approaching a $7,000 per capita income, while that of the North was estimated at around $1,000. A consensus was building in South Korea that Seoul must help Pyongyang close that gap—and in the process help prop up the North Korean economy.
Meanwhile, soaring labor costs had punched the export-based South Korean economy in the solar plexus—driving home the humbling lesson that a relatively scrawny Seoul would be much harder pressed than powerhouse Bonn to avoid the worst consequences of sudden reunification. In their nightmares, Seoul residents saw their capital overrun by destitute Northern cousins fleeing south to pursue dreams of the good life. The Finance Ministry proposed severe limits on cross-border travel in the initial post-reunification period—with an exception for the divided families whom the South has sought to reunite.16

Seoul's Korea Institute of Economy and Technology, among others, argued that the South should help develop new, more competitive industry in the North before reunification to minimize such disruptions. The message went over especially well with one particular group of South Koreans. Shin Woong-shik, a Seoul lawyer specializing in legal dealings with Pyongyang, went on the trip and told me that much of the Southern interest came from among the millions of South Koreans who hail from the North. Before and during the Korean War, people from the North, many of them from the upper socio-economic groups purged by the communists, migrated to the South. Himself the grandson of the operator of a gold mine in what is now North Korea, Shin said many of the South Koreans who want to help develop the North are rich, sentimental business people who were born there and consider it their homeland. Topping the list: Daewoo Group Chairman Kim Woo-choong and Hyundai founder Chung Ju-yung—the latter an unsuccessful candidate for president of South Korea in the December 1992 election.

A Tempting Fit Prospective South Korean investors, of course, are not charitable institutions. Fortunately, the economies of North and South Korea offer a complementary fit tempting to Seoul business leaders. The North has natural resources. Resource-poor South Korea has experience and know-how in producing world-class manufactured goods, but has to pay its workers 10 times North Korean wages to make them—and Southern workers increasingly turn up their noses at jobs that combine the “three Ds”: dirty, dangerous and difficult.

Industrialists from the South are naturally attracted to a population that is polite and well-behaved and a labor force that is low-paid for the moment and, apparently, highly disciplined. As General Manager Jon Song-won of Pyongyang's Eguk Moran Garment Factory said of his employees: “They don't even know the word 'strike.'” His factory makes suits for ethnic Korean buyers in Japan in exchange for materials and management costs plus a flat labor charge of $10 a suit.

In addition to the Mt. Kumgang tourism project, South and North Koreans had discussed joint development of North Korean natural resources, joint fisheries zones, even joint ventures in third countries—specifically, using North Korean labor for construction projects run by South Korean contractors in places like Pakistan and the Middle East and logging schemes in Siberia.

So far the closest thing to an actual investment deal has been made by Daewoo Group. Daewoo Chairman Kim Woo-choong (brother of Kim Duk-choong) went to Pyongyang at Deputy Prime Minister Kim Dal-hyon's invitation in January 1992. While there, he signed a contract for a joint venture in
which the Northern regime would provide the land and the labor for a big industrial complex at the west coast port of Nampo—which Pyongyang would designate as another free trade zone. Daewoo would provide capital and technology and help operate nine factories, making textiles, garments, shoes, luggage, stuffed toys and household utensils. Chairman Kim said he was confident the factories could export $10 billion worth of goods a year.

It was tempting during much of 1992 to expect that investment in North Korea might proceed according to what could be called the China pattern. More than a decade ago when China set out to reform its economy and attract outside investment, Japanese and Western interests watched with interest—but put down relatively little money, particularly at the beginning. The largest part of the outside investment came from overseas Chinese in Hong Kong and elsewhere. Seoul lawyer Shin argued that North Korea, like China, was more fortunate in its built-in overseas network than, for example, Vietnam, Cambodia and Cuba—which "don't have brother countries." Indeed, it seemed a good bet that, for a while at least, the bulk of any significant investment in North Korea would come from Koreans abroad—not only in Japan and the United States* but, especially, in South Korea.

Nuclear Card

Such optimistic thinking, however, soon fell victim to more politics. Before Daewoo's contract could win the required approval by the South Korean authorities, the Seoul government banned all economic exchanges. To get the ban lifted, the government said, Pyongyang would have to agree to mutual inspections by North and South Korea of suspected nuclear-weapons sites.

Suspensions that Pyongyang was developing the capability to build nuclear weapons had become a major issue in 1991. The United States had been gathering evidence of the alleged project, but the issue had remained obscure until a Japanese politician and amateur diplomat visited Kim Il-sung and made a surprise promise to promote normalization of Japan-North Korea relations. Shin Kanemaru, then leader of the most powerful faction in the ruling Liberal Democratic Party, included an offer of billions of dollars in reparations to North Korea from its former colonial masters in Tokyo for damages inflicted before, during and after World War II. Washington quickly sent an intelligence team to Tokyo to brief Japanese officials on the fruits of spy satellite pictures of the North Korean project site, warning against aiding a Pyongyang regime that might soon pose a nuclear threat to Japan itself. Thereupon Tokyo agreed to withhold any reparations as a carrot to persuade the North Koreans to give up their nuclear ambitions and allow full inspection of the suspected facilities.1

Pyongyang did permit some international inspections, and in view of its economic situation there was reason to think it might soon decide the price was right to accept a complete inspection program or otherwise relinquish its nuclear card. Thus South Korean companies continued into early 1993 to prepare themselves for quick action once the ban should be lifted.†

Bombshell Announcement

On 13 March 1993, however, Pyongyang stunned the world with an announcement that it was withdrawing from the Nuclear Non-Proliferation Treaty (NPT). The statement complained that proposed International Atomic Energy Agency inspections of two secret North Korean sites—which it called non-nuclear military installations—would be an unjustified intrusion on sovereignty. It also cited the U.S.-South Korean military exercise Team Spirit, then in progress, calling it a rehearsal for a nuclear attack on the North. If not reversed, Pyongyang's withdrawal would seriously undermine the global NPT system and most likely would set off a nuclear arms race among the two Koreas and Japan. Thus it triggered a flurry of consultations in world capitals.

Pyongyang went out of its way to let it be known that the decision to withdraw from the NPT had been made by Kim Jong-il. Advertising his take-charge role seems to have been part of the decades-long process of making his succession a fait accompli. Earlier in the same week, the junior Kim had announced that he was placing the nation on a "semi-war" footing during Team Spirit. At rallies, North Koreans pledged loyalty to Kim Jong-il. "If the enemies trample upon an inch of land or a blade of grass of our country, we will become bullets and bombs to annihilate them," one participant was quoted as saying.18

Assuming that he did make the withdrawal decision himself,‡ what

* The South Korean press in January of 1993 quoted an unnamed government source as saying North Korea was planning "investment fairs" in Minneapolis and other major American cities, targeted mainly at ethnic Korean investors (Korea Times 26 Jan. 1993).
† Executives of the giant Daewoo, Samsung and Lucky Goldstar conglomerates had meetings with North Korean Deputy Premier Kim Dal-hyon in Beijing as late as December of 1992 (Korea Times 3 Feb. 1993:9).
‡ Whether he did or not, "it's his game to win or lose," as South Korean Foreign Minister Han Sung-joon said in an appearance at the Seoul Foreign Correspondents' Club on 18 March, five days after the North's announcement.
was Kim Jong-il thinking, and how does such saber-rattling jibe with the regime's efforts to attract foreign investment?

**Nuclear Thinking** Consider some of the background to the presumed work on nuclear weapons. The Gulf War had shown Kim II-sung and Kim Jong-il two important facts. First, the U.S. military had conventional forces so potent, thanks in part to new weapons systems, that they could all but wipe out the Iraqi military in a matter of a few days. They might well have a similar conventional-war advantage over North Korea. For Pyongyang that possibility emphasized the need to develop an equalizer. Second, despite all that the United States and its allies threw at him, Saddam Hussein hung onto power, thumbing his nose at Washington and at international nuclear inspectors.

By March 1993 in South Korea, a new president with an exclusively civilian background, Kim Young-sam, had taken office and begun immediately to dismantle the remaining police-state apparatus instituted by his army general predecessors, making Pyongyang look even worse by comparison.

Meanwhile the efforts to attract foreign aid and investment had not gone well for Pyongyang. Talks with Japan had finally been suspended in November 1992 over Tokyo's demand that Pyongyang account for a Japanese woman allegedly kidnapped to North Korea. Pyongyang's main ally in wringing money out of Japan, Kanemaru, had lost his post as ruling party boss and fallen so low as to be indicted, in March 1993, for massive tax evasion. With Japan, the United States and South Korea united in insisting that the North prove itself atomically clean before receiving any aid, it was hard to find the leverage for a deal offering maximum advantage.

**Raising the Stakes** Chances are Pyongyang had never reconciled itself to the idea of giving up whatever nuclear arms capability it had developed, and reasoned that the threat of a bomb was useful insurance. It may have hoped to maintain this capability through subterfuge while pretending to submit to NPT restrictions* that had been less than effective in deterring other countries from bomb programs.

Under such circumstances, when the International Atomic Energy Agency (IAEA) set a deadline for the stringent new inspections and forced his hand, Kim Jong-il may have figured he had little to lose by raising the stakes for Washington, Tokyo and Seoul. Possible gains could include the direct high-level negotiations with Washington that Pyongyang had sought for years, focusing on both economic incentives and security inducements for Pyongyang to drop out of the nuclear club. As a bonus, the move would shock Kim Young-sam's fledgling administration, perhaps contributing to the political instability that Pyongyang likes to see in Seoul. And the decision gave Kim Jong-il the chance to show himself to his own people as a powerful player on the world stage.

* Under the Nuclear Non-Proliferation Treaty, some 140 nations have agreed to prevent nuclear weapons transfer and not to expand facilities used to make such weapons. North Korea signed the treaty in 1985, under pressure from the then-Soviet Union. The following year, in proposing that the Korean peninsula become a nuclear-free zone, the North pledged not to test, produce or stockpile nuclear weapons. However, Pyongyang delayed until January 1992 signing—again under international pressure—an agreement allowing inspections by the International Atomic Energy Agency (IAEA). By that time its nuclear weapons program, according to U.S. intelligence estimates, was well along. The IAEA, stung by disclosures that other countries had hidden their nuclear arms programs from its inspectors, set out on a regimen of inspections that shortly became more intrusive than Pyongyang was willing to bear.
The stench of failure in North Korea has become almost overpowering.

**The Team Spirit Factor**  Citing Team Spirit as justification for the North Korean move seems at first glance largely a rhetorical flourish. The exercise is an otherwise annual one that Washington and Seoul had suspended the previous year as an inducement to the North to settle the nuclear and other issues. Even after resuming it, they invited Pyongyang to send observers to monitor the "purely defensive" exercise. On the other hand, Pyongyang's own war plans for the invasion of South Korea in 1950 called for use of mock military exercises as a cover for hostile troop movements. Thus its perennial complaints that Washington and Seoul could use Team Spirit that way do represent the voice of experience.

Korean War memories do not explain, however, why Pyongyang's shrillness on the Team Spirit question has, if anything, increased. This may have less to do with real fears of an invasion from the South than with several factors that lately have surfaced domestically. One such factor, often noted, is the severe fuel shortage: Cranking up tanks and trucks and planes to shadow the other side's troop movements—just in case—during Team Spirit must be paid for with further reduction of economic activity. Another factor may be—as South Korean Foreign Minister Han Sung-joo has suggested—that Kim Jong-il had personally taken credit for the suspension of Team Spirit in 1991 and felt, when the exercise was resumed, that he needed to regain face he had lost.

**Coup Fears?**  I would suggest yet another domestic factor that may have figured in Pyongyang's ferocious reaction to Team Spirit. Kim Jong-il may well fear that elements in the North Korean military could use a future exercise and their own responsive maneuvers as, respectively, pretext and cover for a coup d'état—perhaps after his father's death. After all, what is the need for all the frantic unity campaigns and rallies pledging loyalty to Kim Jong-il if there is not a growing recognition of a split in interests between the ruling pair and other groups of North Koreans? In particular, people in the elite—civilian and military alike—may wish they were permitted to reform the system enough to preserve its and their own status.

We may doubt that there are fully developed factions in North Korea, but it seems likely that some influential members of the elite are more amenable to change than some of their colleagues. And the record to date of change under the Kims cannot have encouraged them.

Consider the period on which this paper has focused. In the 1970s the North began to lag behind South Korea—but rejected major change. In the 1980s the economy remained stagnant, the ideology of egalitarianism and altruism rang far more hollow to North Koreans, and the country all but lost the race with South Korea. Reform was the watchword in other communist countries. But Pyongyang redoubled its commitment to Kim Il-sung's hard-line ideology. In the 1990s European communism is dead while in North Korea the stench of failure has become almost overpowering. Still the Pyongyang regime rejects basic change.

In the end, adding up every change that could be detected over the last decade and a half produces a list that seems unimpressive at best and, when compared with the exciting happenings elsewhere in the communist world, downright pitiful.
Revisionism in Pyongyang

Fundamental reform of the North Korean system would imply criticism of Kim Il-sung. Opening the country to foreign ideas and information would admit views critical of him. Therefore both have been unthinkable. Limited to halfway measures, the ruling class has been helpless to take the serious steps many must believe are needed to prolong their rule—in the way, for example, that Chinese economic reformers under Deng Xiaoping have been able to extend Communist Party rule.

Perhaps the only possible way out for Kim Il-sung, since the time it became apparent his system was losing the race, would have been to recast his image, either by replacing lies with truth or by blaming subordinates and evil advisers for the excesses of his system. Kim could then permit his technocrats to go for something resembling a Chinese-style economic reform—while leaving the political system and leadership relatively unchanged for the time being. Like Mao, he could retain his place in history as a towering patriotic figure and the father of the republic.

Two volumes of Kim’s memoirs, published in 1992, suggest he may at least have toyed with this strategy. Covering the period from his birth in 1912 until early 1933, nearly 21 years, they are a partially revisionist work that attempts to distance him from earlier lies and half-truths of commission and omission, as well as from some of the most widely condemned aspects of his system.

For example, Kim was a legitimate hero of the anti-Japanese struggle of the 1930s—but only one of a number of heroes. To justify a personality cult, however, Kim had to put the others in the shade. For his greater glory Pyongyang over the decades downgraded or deleted the roles of others involved in the struggle—not only fellow Koreans but also Chinese and the agents of the Soviet Union as well. In these memoirs, however, Kim acknowledges that he worked as a cadre of a Chinese Communist Party organization and fought in a “joint struggle” with Chinese forces. He recalls by name many previously ignored comrades, including Korean and Chinese guerrilla leaders. And he reveals that he accepted an appointment by representatives of Moscow’s Communist International as a youth organizer in Manchuria’s Eastern Jilin Province in 1930.

But even while making these modest efforts to correct the record, Kim tries to distort that record further. He miraculously appears, for example, as a lifelong, staunch opponent of discrimination against people on account of their class or ideological background. This despite the fact, as defectors and international human-rights groups have reported, that North Korea’s communist caste system is the epitome of such discrimination. It classifies all families as “loyal,” “wavering” or “hostile elements” and treats them accordingly.

There isn’t much time, though, for a new Kim Il-sung to emerge before he dies. Kim Jong-il, meanwhile, has identified himself so closely and intensely with his father’s ideas and system, and has made such extensive use of lies and distortions in building his own personality cult, that he and the regime he heads may be as boxed in now as Kim Il-sung ever was. The junior Kim, over a period of many years and with the publication of many speeches and treatises, became the chief priest of his father’s juche ideology—his means of seeking legitimacy for such an un-Marxist institution as dynastic rule.

* As Dae-Sook Suh of the University of Hawaii notes in his biography, some of the others were Kim’s seniors and equals (Suh 1988:1-34).
As recently as March 1993 he warned in a 22-page thesis against private ownership and other “abuses of socialism,” which he blamed for the collapse of socialist systems abroad.\textsuperscript{22}

There are many examples of the lies on which Kim Jong-il’s personality cult is built. Pyongyang claims he was born in a cabin on the slopes of Mt. Paektu, which is on the North Korean–Manchurian border, while his father was fighting there against the Japanese in 1942. This “holy birthplace” has now come to play a large role in North Korean propaganda. But it has been well established that Kim Il-sung and his wife, Kim Jong-il’s mother, were in the Soviet Union at the time the boy was born, 16 February 1942.\textsuperscript{23}

The Kim Jong-il regime, like the Kim Il-sung regime, will find it difficult to open and reform the system without sacrificing the Kim family image. As the need and demand for reform increase, Kim Jong-il has a wild ride ahead of him. Once his father is gone, would-be reformers could even assign him the role of a one-man Gang of Four, to be blamed like Mao’s widow Jiang Qing for the misrule of the old ruler’s final years.

Although there remains little sign of counter-revolutionary activity in the North, defectors’ reports and accounts of interviews with travelers do suggest that much of the adult population harbors increasing doubts about the system. By one estimate the Kim-loyalist fanatics now account for only perhaps a tenth of the population.\textsuperscript{*} Periodic reports tell of crowds of up to a couple hundred people at a time gathering to protest food shortages and other economic conditions.

\textsuperscript{*} In an interview with a \textit{Newsweek} reporter, economist Lee Young Hwa, a Japan resident of Korean nationality, described an eight-month stay in Pyongyang in 1991. “Ten percent of the population are fanatics, but the rest of them are people like us, and they are suffering,” Lee said (Takayama 1993:43).
Outside Influences

Substantial numbers of North Koreans hear from relatives and others who have traveled or lived abroad that life in South Korea and the West—and even in China—is richer. Getting caught saying so brings a one-month sentence in a reeducation camp.* But this is a risk more and more people are likely to take. The economy, after all, can hardly improve if the regime's nuclear gamble scares off anyone considering investment from outside. No doubt it is significant that the government lately has been at pains to patch even tiny holes in the tight lid it keeps on information from outside. Recent reports tell of a crackdown on contact even with the Chinese.24

Despite the regime's surveillance and control, there is reason to believe some people have obtained forbidden short-wave receivers and listen to foreign broadcasts. Ordinary North Korean radio listeners have long been limited by available equipment to a single government medium-band frequency. The U.S. government's Voice of America (VOA) has been accessible only to the small group of North Koreans allowed to hear short-wave broadcasts—i.e., trusted members of the leadership class whose work absolutely required familiarity with events abroad. But in January 1993, reports say, the regime began jamming the transmissions of VOA.25

Ironically, some members of the country's elite had become regular VOA listeners—even fans. When the first delegation of North Korean scholars visited Washington in 1989, its first sight-seeing request was for a tour of VOA headquarters.26 In Pyongyang during our 1992 visit one official astonished the veteran VOA Asia correspondent Ed Conley by giving a near-perfect imitation of Conley's trademark signoff: "Edward Conley . . . Voice of America . . . Tokyo." The North Korean said he had been a Conley fan for years.

LOOKING AHEAD

Pyongyang's ability to control its people, even if it has declined as reports suggest, should not be underestimated. With constant vigilance—taking advantage of the country's relatively compact geography, concentrated population and tightly sealed borders, as well as any additional clout bestowed by the presumed possession of a nuclear bomb—the regime may be able to maintain substantial control and stave off collapse for at least a short while. A scenario offering a modicum of stability into the medium term—perhaps several years—might be conceivable if the United States could find a way to guarantee the security of the regime in exchange for satisfaction on the nuclear issue. As Pyongyang knows from the 1970s episode with the late South Korean President Park Chung-hee's nuclear program, Washington was willing to offer both a nuclear security guarantee and substantial financial aid to buy the South off from building the bomb. With firm assurances that no one outside the country would do anything to help topple the regime, and with aid commitments from Japan, South Korea and the West, it might seem that Kim and company could afford the risk of trying Chinese-style economic reforms—smoothing the way for those reforms with more of the historical revisionism discussed earlier.

But optimism regarding a quick, clean outcome must be rationed sparingly. Washington, for its part, will be at pains to avoid the appearance of

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* The sentence for speaking ill of Kim Il-sung is life imprisonment, according to an ethnic Korean I interviewed who often travels to North Korea.
submitting to nuclear blackmail—and will be impatient with any attempts by Pyongyang to use high-level talks with American officials to buy time for continuing nuclear weapons development. As for the Kims, their real problems are domestic. The trap they have set for themselves at home may paralyze any impetus to compromise internationally. Remaining in power indefinitely is the only outcome that would truly spell security for the Kims. And if their regime is doomed by its own internal dynamic, even the world’s sole superpower cannot guarantee its perpetuation—however long and at whatever level Washington and Pyongyang may talk.

The case for expecting an eventual collapse, coup d’état or other sudden change grows ever stronger with the news out of the North. Economically, if the outcome were merely a sudden collapse and reunification on the German model, the South Koreans—with help from their allies—could probably handle it. Indeed, new figures suggest that it would cost the South more to postpone reunification.

An estimate by Korea University economist Hwang Eui Gak says the South’s capital investment tab would be $1.2 billion if reunification occurred as late as the year 2000—but less if it happened earlier. Harvard Professor Lawrence H. Summers said in a lecture at Seoul’s Research Institute for National Unification on 26 August 1992, that the unification bill would mount with time. Summers gave other reasons why the South should welcome early reunification. “The prospects for gradual reform in North Korea seem to me to be near nonexistent,” he said. “Every successful economic reform in the world has been associated with change in political leadership. Even the Chinese classic example of gradual reform was preceded by a wrenching political change with the end of the Gang of Four.” In addition, Summers said that with the South Korean economy experiencing a shortage of the sort of cheap labor available in the North—and suffering in international competition as a result—the North-South economic fit will never be better. With such views increasingly heard, we may soon see another shift of Southern opinion, whether in favor of rapid Northern collapse and unification or merely recognizing that this is a strong possibility for which the South must be prepared.

The more ominous question is the political-military one: whether events and the regime’s own actions are isolating the Kims to the extent of backing them into a corner. Possibly, China’s aid and advice could be a stabilizing factor. Despite Beijing’s need for economic ties with South Korea and other market-economy countries, it retains an obvious interest in the continued survival of a communist regime right on its border.*

Still, sources extremely knowledgeable about the North have been talking since the latter part of 1992 about some act of desperation they half expect, something that might feel good at the time to the Pyongyang leadership and distract the people from their real problems. Most likely this would be a lashing out externally, of which the NPT withdrawal and the “war footing” may have been precursors.

* “To China, who has to believe that the socialist system can be improved and perfected so long as there is the willingness to carry out the necessary reforms and be open to outside exchanges, there is every wish for North Korea to succeed in overcoming her problems and continue to thrive as a secure and stable neighbor.” (Statement by Tsang Tak-sing, chief editor of Ta Kung Pao, a Hong Kong daily with close ties to the Beijing regime, at a seminar sponsored by the Seoul Foreign Correspondents’ Club and the Korea Press Center on 3 December 1992.)
Japanese Korea-watcher Katsumi Sato speculates that Pyongyang's likely response to international sanctions would range from leaving the United Nations, through announcing that it has nuclear weapons (which would amount to a threat to use them on South Korea or another neighbor, such as Japan), to attacking South Korea with terror and assassination squads, conventional forces or nuclear weapons. In an analysis in the prestigious monthly Bungei Shunju for May 1993, Sato reported that Pyongyang was on the verge of having to dip into its military reserves of grain and oil to supply civilian needs. This could be creating an imperative for North Korea to use the war option "before it becomes impossible," he suggested.

A British defense expert, Paul Beaver of Jane's Sentinel intelligence database, was quoted in a Reuters dispatch as saying Pyongyang still lacks the delivery system but has a bomb—so "the only thing they could do at the moment is blow themselves up." Beaver added that he couldn't rule out a suicidal gesture.

North Korea, thanks to Kim Il-sung's stubborn refusal to change, would seem to offer the perfect example of what Yale University historian Paul Kennedy, in his new book, Preparing for the 21st Century, refers to as the "failed state." If the regime is reaching the stage where it has little left to lose, questions asked for decades about the judgement and even the sanity of the Kims become more worrisome. Even if only a fraction of the population buys into such extremism, a harrowing wait is in store for outsiders watching to see which way North Korea will go.

* For example, in 1978 when Kim Jong-il allegedly ordered the kidnapping of a South Korean movie director and his actress wife from Hong Kong to Pyongyang (for the purpose of improving North Korean movies) and again in 1987 when he allegedly ordered the bombing of a Korean Airlines plane, he "seemed to ignore the potential impact of the action." If his liking for such "bold and forceful" actions reflects his personality, "it raises very worrisome questions about his eagerness to take risks and his inability to assess consequences" (Oh 1988:29–30).

† One diplomat from a former Soviet-bloc country told the author that Deputy Prime Minister Kim Dal-hyon, a relative of the Kims, got his chemistry training in Romania—where, ironically, one of his teachers was Elena Ceausescu.
ENDNOTES

13. This was picked up and rebroadcast on South Korea's KBS on 23 October 1992.
18. Quote of an unnamed participant provided by Pyongyang's official Korean Central News Agency, picked up by Agence France Presse and carried in Korea Times (18 March 1993).
23. See, for example, Seiler (1992).
24. See, for example, "NK Bans Contact With Chinese" (Korea Times 28 Jan. 1993:1). The Yonhap news agency report picked up from the Japanese wire service Kyodo quotes a Western source in Pyongyang as saying the ban extended even to reading the Chinese newspaper People's Daily.
26. Author's conversation with one of the group's American hosts in June 1989.
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