

North Korean Market Vendors: The Rise of Grassroots Capitalists in a Post-Stalinist Society

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A communist utopia, the professed goal of all Leninist regimes, is incompatible with a monetary economy or commercial activities of any kind. Hence, the gradual displacement of commerce is seen as an important part of the transition to full-fledged communism. However, no communist state has ever been able to eradicate private economic activities completely and despite their persistent efforts, all Leninist regimes have had to tolerate the existence of a “second economy.”

In North Korea this “second economy” was originally treated with unusual harshness. The economic collapse of the 1990s, however, was marked by a powerful revival of the “second economy” and a boom in private commercial activities, known to the North Koreans as *changsa* (the literal translation is “dealings in the marketplace”).

While comprehensive statistics on market activities in North Korea are not available (and perhaps do not exist at all), one is now able to obtain a wealth of information about this sector from North Korean defectors in South Korea. This article traces the changes as experienced by a group who were directly involved in market activity in the late 1990s. The authors have conducted in-depth interviews with North Korean defectors who now reside in Seoul. All interviewees can be described as full- or part-time market vendors whilst in North Korea.

The unstructured interviews have allowed us to concentrate on issues with which a particular interviewee may be most familiar. However, refugee interviews can be biased, as Jung and Dalton have recently noted.¹ Hence, this paper uses other material to corroborate the interviewees’ data—largely publications in the South Korean press. To protect the refugees’ identities, we refer to them using only their numbers. Some relevant information in regard to our interviewees is summarized in the following table.

¹ For a discussion of potential problems with refugees interviews, see: Kyungja Jung and Bronwen Dalton, “Rhetoric Versus Reality for the Women of North Korea: Mothers of the Revolution,” *Asian Survey* vol. 46, no. 5 (2006), p. 744.

	<i>Gender</i>	<i>Place of residence</i>	<i>Education</i>	<i>Occupation in NK</i>
R1	female	Pyongyang	high school	semi-skilled worker
R2	female	Ch'ongjin	university	university professor (fired from her job)
R3	female	N. Hamgyong	junior college	school teacher
R4	male	Pyongyang	university	official
R5	female	N. Hamgyong	high school	semi-skilled worker
R6	male	Pyöngsöng	university	painter
R7	male	Pyongyang	university	official

The time frame covered by this article is the period between the death of Kim Il Sung in 1994 and the 2002 economic reforms, even though sometimes we will make some forays into an earlier period, the 1980s. This period was chosen because throughout those years the North Korean market economy developed without any official recognition and at times in open defiance of the existing regulations and institutions. We will use our sources to trace the social origins of the emerging North Korean “grassroots capitalists,” their mode of operation, the scale of their earnings, their relations with the state bureaucracy and, last but not least, the social and political impact of their activity.

“The Second Economy”

A few years ago, summarizing the literature on the “second economy” in Leninist societies, Kim Byung-yeon suggested the following definition of this phenomenon:

Grossman ... defines the second economy as all production and exchange activity that fulfils at least one of the following two tests. Either it is directly for private gain in some significant respect, or it involves the knowing contravention of an existing law. O’Hearn ... adds another aspect of the second economy, namely, that it operates outside the planning structure. Thus we define informal economy activities as those that fulfil at least one of the above three tests. Broadly speaking, there are three types of agents involved in informal economic activities, namely, households, enterprises, and crime organizations.²

The Leninist ideology made clear that the existence of the “second economy” is merely a provisional concession to the still surviving remnants of capitalism. In 1952, Stalin wrote:

² Byung-Yeon Kim, “Informal economy activities of Soviet households: size and dynamics,” *Journal of Comparative Economics* vol. 31, no. 3 (2003), p. 538. The works summarized by Kim Byung-yeon are: Dennis O’Hearn, “The consumer second economy: size and effects,” *Soviet Studies* vol. 32, no. 2, pp. 218–234; and Gregory Grossman, “The ‘Second Economy’ of the USSR,” *Problems of Communism* vol. 26, no. 5, pp. 25–40.

The fact is that a considerable part of ... the surplus collective-farm output goes into the market and is thus included in the system of commodity circulation. It is precisely this circumstance which now prevents the elevation of collective-farm property to the level of public property. It is therefore precisely from this end that the work of elevating collective-farm property to the level of public property must be tackled.³

This suspicious and uneasy approach was inherited by all Leninist regimes. Nevertheless, the “second economy” played an important role in these countries.⁴

Periods of Restriction

Few countries were so persistent in suppressing the “second economy” as the North Korea of the Kim Il Sung era, the period from the late 1950s to the early 1990s. Among the major obstacles imposed on the private economy in North Korea, one should mention the unusually strict and comprehensive rationing system, the rigid restrictions on the size of private kitchen gardens and the ban on unauthorized domestic travel.

The public distribution system (PDS) was more thorough in North Korea than in other communist countries. Trade in grain was explicitly prohibited from December 1957 onward. This decision played a major role in wiping out the remnants of the capitalist economy in cities, since only employees of state-run economic units could be issued with rationing coupons and were therefore able to purchase food.⁵

In subsequent years, the PDS was steadily extended such that by the early 1970s the state rationed almost all foodstuffs available to North Koreans. From the early 1970s, an increasing number of consumer goods were rationed as well. Furthermore, around 1973 the first cuts in food rations took place, justified by the alleged need to “donate rice to the military.” Since

³ Joseph Stalin, *Economic Problems of Socialism in the USSR* (Peking: Foreign Languages Press, 1972), pp. 97-98.

⁴ Suffice to say that in the Soviet Union of 1937, soon after the forced collectivization of agriculture, the farmers' individual plots provided more than half the country's total production of potatoes and other vegetables. Nor did this situation change much in subsequent decades: in the early 1970s Soviet consumers obtained more than 60 percent of their potatoes and eggs from the private agricultural sector as well as 40 percent of their fruit, vegetables, meat and dairy products (and even 30 percent of the wool they used). For more information, see Viola Lynne, ed., *Contending with Stalinism: Soviet Power and Popular Resistance in the 1930s* (Ithaca, NY: Cornell University Press, 2002), p. 173; Alex Dowlah and John Elliot, *The Life and Times of Soviet Socialism* (Westport, CT: Praeger Publishers, 1997), p. 168.

⁵ Ch'oe Pong-dae and Ku Kap-u, “Pukhan tosi nongmin sijang-üi hyöngsöng kwajöng-üi yihaengronjök hamüi: 1950-1980 nyöndae Sinuiju, Chungjin, Hyesan-ül chungsim-üro” [A historical study of the formation of farmers' markets in the North Korean cities of Sinuiju, Chungjin and Hyesan, 1950s-1980s], *Hyöndae Pukhan yöngu* [North Korean Studies Review] vol. 6, no. 2 (2003), p. 147. The research of Ch'oe and Ku indicates that as early as the 1970s there were isolated cases of farmers secretly selling the grain to the town dwellers, but this was a rare event (p. 160).

then the quality and quantity of food delivered through the PDS has steadily deteriorated.

The prices of the foodstuffs available through the PDS were kept low, further diminishing the significance of cash in the economy.⁶ Prior to the 2002 reforms, the price of rice distributed through the PDS was fixed at 0.08 won per kilo and maize was sold for 0.07 won a kilo. This was a purely token price in a country where in the 1980s the average monthly salary was 70 to 80 won.

Deliberate efforts were also made to prevent farmers from earning significant income by working on their private plots. In North Korea, private plots were unusually small, typically 20 to 30 pyŏng (70 to 100 square metres) per household in the rural areas and much less in the cities.⁷ To put things into perspective, in the Soviet Union under Stalin the upper limit for private plot size varied between 2,500 and 5,000 square metres, depending on the region.⁸ In North Korea, these restrictions ensured that income from private plot cultivation was insufficient to feed a family, so farmers had no other choice but to work harder in the “collective” fields.

Another important factor in checking the rise of the “second economy” is the existence of the mutual surveillance groups (inminban), each consisting of 30 to 50 families and headed by a minor official whose duty it was to control everything in the group.⁹ Tracing and reporting illegal economic activity was considered one of these officials’ primary tasks.

Another efficient means of hindering private economic activity was the travel permit system, which has existed since the 1960s. Every Korean who wants to travel anywhere outside his or her native county must apply for a travel permit. Normally, permits are issued by the “second departments” of local administrations after some rather time-consuming paperwork and

⁶ For the description of the North Korean PDS in its historical development, see: Ch’oe Pong-dae and Ku Kap-u, “Pukhan tosi nongmin sijang-ŭi hyŏngsŏng kwajŏng-ŭi yihaengronjŏk hamŭi,” pp. 153-154. For a detailed description of the PDS in the 1980s, on the eve of its collapse, see Sŏ Tong-ik, *Inimin-ŭi sanŭn mosŭp* [The life of the North Korean people] vol. 2 (Seoul: Charyowon, 1995), pp. 203-249. Another useful description of the PDS in the 1980s can be found in Kim Yŏng-hun and Kim Un-Gŭn, “Pukhan-ŭi singnyang sugŭp” [The Food Supply in North Korea], *Nongch’ŏn kyŏngje* [Agricultural Economy] vol. 16, no. 3 (1993), pp. 89-90.

⁷ U Yŏng-gun, Im Sang-ch’ŏl, “Pukhan hyŏptong nongjang-ŭi hyŏngsŏng kwajŏng-gwa unyŏng ch’ejje” [Formation and Management System of a Collective Farm in D.P.R.K.], *Hankuk hyŏptong chohap yŏngu* [Korean Journal of Cooperative Studies] vol. 12 (1994), pp. 55.

⁸ Sheila Fitzpatrick, *Stalin’s Peasants: Resistance and Survival in the Russian Village after Collectivization* (New York: Oxford University Press, 1996), p. 134. For more on the size of the private plots in the USSR, see Vasilii Popov, *Krestianstvo i gosydarstvo: 1945-1953* [Farmers and the state: 1945-1953] (Paris: YMCA-PRESS, 1992), p. 286.

⁹ For a review of the *inminban* activity, see Kim Sŭng-ch’ŏl, Pak Sŏn-yŏng, “Pyongyangsŭ Inminban untŏng silt’ae-wa chumin saenghwal” [Management of a neighborhood group in North Korea and life of the local populace], *Pukhan* [North Korea] no. 412 (2006). For a more general review, see work by Alexander Zhebin, “Sahoe ch’ejje-ŭi pyonhwatoen chont’ong-uroso-ŭi pukhan-ŭi inminban” [North Korea’s Neighborhood Groups within Changing Traditions of Social System], *Asea Yŏngu* [Journal of Asiatic Studies] vol. 37, no. 1 (1994), pp. 141-159.

with prior approval of one's work supervisor.¹⁰ Travel permits must be produced when buying tickets as well as during frequent ticket inspections on trains.¹¹

Until the early 1990s, markets and private trade, while present, did not play a significant role in the daily life of North Koreans. Ch'oe Pong-dae and Ku Kap-u suggested that this neglect was not merely a result of systematic government attempts to restrict market operations. They argue that the North Korean population in general tended to feel uneasy about markets and commercial activities and as long as their basic needs were met by the PDS and government-run shops, most North Koreans were not very inclined to resort to market trade and in fact frequently saw such activities as ethically suspect.¹²

Evidence from our interviews confirms the existence of this attitude. It seems that many North Koreans perceive the current boom in private trade as a sign of deep social and economic crisis. R6 said: "Until the late 1980s people who did some trade were not respected and there were not so many of them." R7 added: "Private trade always existed in North Korea, but it was not active. There was a perception that merchants were lazy people who did not want to do real work and did not follow the socialist revolution properly. Trade began to grow in 1989, around the time of the 13th International Youth Festival."

It is also important to note that until the early 1990s, the official restrictions were enforced with remarkable efficiency. It was difficult and risky to bribe an official, even though patronage and indirect forms of corruption ran rampant.¹³

This does not mean, however, that a "second economy" did not exist. R7 mentioned that his mother had been involved in large-scale trade since the

¹⁰ Furthermore, trips to Pyongyang and borderland areas are possible only for holders of special types of permits, which are issued not by local police, but by the central authorities in the Ministry for the Interior (the so-called "approved number permits" or "süngin pönho yöhaengjübing"). Such permits are notoriously difficult to get for private travel.

¹¹ For a description of the North Korean travel permits system, see Kim Süng-ch'öl, *Pukhan tongp'odül-üi saenghwal munhwa yangsik-kwa majimak hüimang* [North Koreans' Life Culture and Their Last Hope] (Seoul: Charyowon, 2000), pp. 188-191.

¹² Ch'oe Pong-dae and Ku Kap-u, "Pukhan tosi nongmin sijang-üi hyöngsöng kwajöng-üi yihangronjök hamüi," pp. 177-179.

¹³ The observations made by Daniel Kaufmann and Paul Siegelbaum in regard to the Soviet Union of the 1960s and 1970s are equally applicable to North Korea under Kim Il Song: "During the socialist era, ... mid-level bureaucrats had to be content to vie for preferred access to scarce, low quality consumer goods and perks, such as access to dacha houses on the outskirts of the capital, better schools, vacations in sanatoriums and 'study tours' abroad. Further, instead of cash corruption, many transactions were in the form of patronage for jobs in public enterprises and thereby related to political power and favoritism rather than large bribes or kickbacks. While patronage was rampant, blatant forms of corruption were somewhat held in check by the discipline of the Communist Party, draconian anti-bribery laws and the rigidity of the overall system itself." See Daniel Kaufmann and Paul Siegelbaum, "Privatization and Corruption in Transition Economies," *Journal of International Affairs* vol. 50, no. 2 (1997), p. 423.

early 1980s, when Chinese citizens were first allowed to come to Korea for private visits and began to bring consumption goods from China. Actually, the use of Chinese connections was a recurrent topic in our interviews: in many cases, some kind of connection with China (or, sometimes, other foreign countries) was an important advantage for the market operators.

R7's mother's operations included the movement of cloth and fashion accessories from the borderland areas to Pyongyang, and she began her venture using money sent by a relative in the US. However, R7 admitted that such activities at the time were "unusual" and that the scale on which his mother operated was "exceptional." It is not incidental that his mother kept a low profile and operated indirectly, through a small number of trusted agents. She eventually amassed the sum of US\$15,000, a truly astronomical amount in the North Korea of the late 1980s—akin to 150 average annual salaries if calculated by the black market exchange rate at the time (7 to 10 won per US\$1). There are also other references to such businesses, albeit on a much smaller scale. For example, R5's mother, being an employee of a state-run restaurant, sold the foodstuffs she "took" (i.e., stole) from the restaurant kitchen. R1's mother also made some commercial deals prior to 1990, even though R1 herself was too young to know much about the nature of this activity. The interviewees all stressed, however, that in the 1980s their mothers kept their trade activity clandestine.

The Collapse of the System

The growth of private trade began with the collapse of the North Korean economy, which became noticeable in the late 1980s, prompted as it was by the dramatic decrease in the scale of Soviet and Chinese aid. From around 1990 this economic crisis manifested itself in food shortages, which had developed into a large-scale famine by 1995. The food shortages, combined with the breakdown in the PDS, were enough to drive people to markets as an alternative source of basic grains. This lethal famine set the stage for the growth of individual entrepreneurship. For some people trade was a question of survival while others seized the opportunities created by the collapse of the established and rigid social system.

Ch'oe Pong-dae and Ku Kap-u stress that the late 1980s was a time of serious change: "The non-legal economic activity was also gradually increasing in the late 1980s. One of the representative forms of such additional economic activity was stealing spare parts and raw material from factories and then going to nearby villages to sell [the parts and material] or barter [them] for rice and maize."¹⁴ This was in fact precisely the type of activity which R5's mother had conducted.

¹⁴ Ch'oe Pong-dae and Ku Kap-u, "Pukhan tosi nongmin sijang-üi hyöngsöng kwajöng-üi yihaengronjök hamüi," p. 166.

Also in the 1980s, the size of individual plots was increased. This probably reflected the government's growing understanding that state-managed agriculture was not efficient enough—at least for the moment.¹⁵ As a result, in late 2006 the Good Friends newsletter estimated that up to one-third of all agricultural output in North Korea was produced on private plots—a level, as we have seen, which differed little from that of the USSR but was well above the old North Korean standards.¹⁶

R3 can be seen as one of the pioneers of the “second economy.” She began her trade activity in the late 1980s when she worked as a school teacher. She used money from visiting Chinese relatives to buy a hundred strings of dried Pollack fish. The surprisingly large amount of money she made from this first deal prompted R3 to switch from salaried work to professional trading. Then, in the early 1990s, she traded in sea cucumbers and sea urchin.

The continuing decline in the efficiency of the PDS meant that by the late 1980s people found it very difficult to get enough food, and around 1994 the PDS began to crumble: rations ceased to be delivered first in country areas, then in major cities and finally, from around 1996, in Pyongyang itself.¹⁷ The PDS never stopped operating completely, but at the height of the famine only a tiny fraction of the population had access to the rationed food. Actual figures are difficult to come by, but according to Woo-Cumings, a mere 6 percent of all North Koreans had regular access to the PDS in 1997, at the height of the famine.¹⁸

The collapse of the PDS was accompanied by a dramatic shrinkage in the “regular” state-run economy. At the height of the crisis, in early 1997, the average production of major plants was reportedly a mere 46 percent of their normal capacity.¹⁹ Recently Ch'a Mun-sok even described the North Korean economy of the early 2000s as “transitional,” applying a term which is frequently used to describe the post-communist economies of Eastern

¹⁵ In 1994 a North Korean defector noticed that the size of the private plots had increased “from the early 1980s.” See Ch'oe Tong-ryol, “Pukhan-üi kuk'yöng nongjang kwanli unyöng silt'ae” [The Management of the state-run agricultural cooperatives in North Korea], *Tongil Hankuk* [The Unified Korea] no. 124 (1994), p. 72. See also Kim Kyöng-il, “Pukhan-üi nongjaeng silt'ae-wa nongmin saeng-hwal” [The North Korean Agricultural Cooperatives and Farmers' Life], *Tongil Hankuk* [The Unified Korea] no. 188 (1999), p. 55.

¹⁶ *North Korea Today* no. 44 (2006), p. 1.

¹⁷ There are a number of publications dealing with the North Korean famine of the late 1990s. See, for example, Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York, NY: Columbia University Press, 2007); Andrew Natsios, *The Great North Korean Famine* (Washington, DC: USIP Press Books, 2001).

¹⁸ Meredith Woo-Cumings, “The Political Ecology of Famine: The North Korean Catastrophe and Its Lessons,” (Tokyo: Asian Development Bank Institute, 2002), p. 34. For a description of how the PDS disintegrated in the early 1990s and for estimates of the rations in the late 1990s, see Haggard and Noland, *Famine in North Korea*, pp. 58-62.

¹⁹ Yi Kyo-kwan, “Sanöp sisöl kadongyul 77%-ro k' üge hyangsang” [The Great Increase of the Capacity Usage Ratio to 77%], *Chosön Ilbo*, 9 April 2001, p. 41.

Europe.²⁰ He believes that, for all practical purposes, North Korea cannot be seen as a state socialist (or centrally planned) economy any more.

In the absence of regular wages and rationing, private economic activity became the only means of survival. R3 described the “trade boom” which began in North Korea around 1996: “Everybody was trading after 1996. The miners were selling coal, people were selling timber, [they were] making liquor and tofu and rice bread for sale, [they were] raising pigs and chicken, so within a year there was not a single house where people would not trade.” This dramatic transformation was made more remarkable by the marginality of private commerce in earlier eras.

Official Policy and the Consequences of Corruption

The government’s attitude to the growth of markets seems to have been quite controversial. In 1992, following an “instruction” by Kim Jong Il, the government ordered the creation of so-called “groups for eradicating anti-socialist activities.”²¹ The major task of these groups was to eradicate all commercial activities. The groups were frequently mentioned by our respondents (R3, R2, R6), but as something akin to a further minor annoyance, nothing more, since the groups’ members were quite ready to accept a bribe.

There were subsequent anti-market campaigns as well. As late as May 2003, a Nodong sinmun editorial warned: “A cat cannot catch mice after knowing the taste of meat and a revolutionary cannot carry out revolution after knowing the taste of money.”²²

Reports confirm that sometimes authorities did try to restore the “proper socialist order.” R3 recalls that in 1998-99 in Pyöngsöng, the above-mentioned “groups for eradicating anti-socialist activities” patrolled with great zeal. Their task was to hunt down the independent traders, but since they were as willing to accept bribes as regular policemen, the entire programme failed to produce the intended results.

R6, then a resident of the same city of Pyöngsöng, the site of one of the largest North Korean markets, obviously refers to this same campaign when he recalls that in the spring of 1999 there was a major crackdown in Pyöngsöng. The “propaganda vans” equipped with loudspeakers cruised the city streets and lectured people on the evils of capitalist profiteering. Citizens were as-

²⁰ Ch’a Mun-sök, “1990 nyöndae ‘konan-üi haenggun-i’ pukhan-e mich’ in’yöngnyang; ‘konan-üi haenggun’-gwa pukhan kyöngje-üi sönggyök pyönhwa” [The influence of the ‘arduous march of the 1990s’ on North Korea; the ‘arduous march’ and changes in the nature of North Korean economy], *Hyöndaek Pukhan yöngu* [North Korean Studies Review] vol. 6, no. 1 (2005), pp. 39-80.

²¹ For early reports on the “groups for eradication the anti-socialist activities,” see Yi Chae-sung, “Saengp’ilp’umnan kachungsok chungguk” [The Increasing Influence of the Chinese Market Economy among the Growing Shortage of Consumption Goods], *Syegye Ilbo* [World Daily] 17 August 1994, p. 8.

²² *Nodong sinmun*, 9 May 2003, as cited in Robert Carlin and Joel Wit, *North Korean reform: Politics, economics and security*, Adelphi papers, no. 382 (London: Routledge, 2006), p. 45.

sured that in the near future the “normality” of public distribution would be restored. The broadcast admonished: “Now when the Dear General has said that the Arduous March is over, how can anybody be engaged in trade and profiteering?”

Soon afterwards, people were required to sign a written pledge not to do anything “anti-socialist” and for a while private markets in Pyŏngsŏng and other areas remained closed, though people continued to trade in the vicinity.²³ However, in a few months this policy had to be reversed, since it led to a deterioration in the food situation.

Prior to 2002, our respondents said, they had not heard of the issuing of any official permission to engage in private trade. It seems that all trade, with the exception of selling food from one’s own small plot, remained technically illegal. Nonetheless, the traders and markets were ubiquitous.

Official bans and restrictions were rendered useless by the official corruption which began to grow in the 1980s and reached great heights in the 1990s. The collapse of the travel permit system is a good example of how ubiquitous corruption undermined state control. The system still exists on paper, but for all practical purposes the control collapsed in the mid-1990s, with the Pyongyang area being perhaps the only exception.

None of the respondents said that travel restrictions constituted a serious obstacle, even though they all were forced to resort to some illegal means to get around these regulations. For example, R1 solved the problem easily, using the policemen who are required to be present aboard North Korean passenger trains in the vicinity of Pyongyang or in the borderland area.²⁴ R1 or her mother contacted one of these policemen and in exchange for payment he would help R1 board the train, assisted her in avoiding inspections as well as taking care of her safety and the safety of her merchandise and money. For that, R1 paid the policeman 500 to 1000 won (in early 1997) and also frequently bought him meals while on the train. Once paid, this amount was sufficient to buy protection for two to three round trips from Pyongyang to the border area.

R3, who was involved in relatively large-scale trade in the border area, chose a different method: she paid bribes in kind to the officials responsible for issuing permits. R3 commented: “If a security or common policeman asked me to give him shoes or a dress, I requested a travel permit in exchange.”

Printed sources corroborate these statements. In 2002, a Chinese man visiting North Korean relatives, while on one of his regular trading expedi-

²³ This crackdown seemingly took place only in selected areas, since those respondents who had operated in the northern part of the country experienced nothing like it.

²⁴ According to the online Dictionary of North Korean terms, such policemen (known as *sŭngmu anjŏnwon*) are required to be present at all trains going to/from Pyongyang as well as trains near the borders and trains in the coastal area. See Tijjidal Pukhan pasekkwa sajŏn [Digital Dictionary of North Korea], accessed on 6 March 2008, entry “Yŏlch’a sŏngmu anjŏnwon,” available online at <<http://www.kplibrary.com/nkterm/index.aspx>>.

tions to the North, took a train from Hoeryŏng to Ch'ŏngjin. There he was detained by policemen who conducted their usual check of IDs and travel permits. However, being an ethnic Korean with a native fluency in the language and a good knowledge of the local situation, he told the policemen that he was going to Ch'ŏngjin to take part in the sixtieth birthday celebrations of a relative and paid them a bribe (two packs of cigarettes and three bottles of liquor). After receiving the "gift," the policemen let him continue on his journey to Chŏngjin.²⁵

R2 was involved in a business which required regular trips to the Najin-Sonbong SEZ (Special Economic Zone) and this created an additional obstacle, since she had to cross the perimeter of this area, which is guarded and fenced off by three lines of barbed wire. However, around 1999, a bribe of 50 to 100 won would buy one the right to enter this restricted area.

Clearly, trade and survival in North Korea would be impossible without officials' readiness to accept bribes for overlooking what is essentially criminal behaviour. At the same time, corruption often becomes an additional burden which the North Korean businesspeople have to deal with; Francis Lui notes that "corruption has two effects; (i) a positive level [short-term] effect on allocative efficiency; and (ii) a negative effect on the economy's long-term growth rate."²⁶ For example, R2, who was working in a private canteen, revealed that this business faced frequent demands from local officials who expected to be fed or provided with takeaway meals for free. This constituted quite a significant expense.

Apart from the travel permits, another important obstacle was the requirement for every able-bodied North Korean to have a proper job with a state-run company. The female respondents obviously did not experience many problems, since everyone agrees that this requirement to have a "proper" job is much less strictly applied to females.

R6, on the other hand, being a male, had to buy his time, giving bribes to his supervisors, the average amount in 1997-1998 being 300 won (about US\$1.50) or twice his official monthly salary. According to the press reports, this seems to be a widespread practice and the reported amounts corroborate R6's testimony. For example, it was mentioned that in 2005 one had to pay 10,000 won in order to be issued an attendance confirmation certificate from his/her workplace.²⁷ Another article mentioned a worker of the 8 February Vinalon Factory (in the city of Hamhŭng) who around the same time had

²⁵ Chŏng Tong-gu, "Chaejung tongp'o changsakkun Pukhan chungso tosi-rŭl kada" [A Chinese-Korean merchant goes to small and medium-size cities of North Korea], *Pukhan* [North Korea] no. 363 (2002), p. 216.

²⁶ Francis Lui, "Three aspects of corruption," *Contemporary Economic Policy* vol. 14, no. 3 (1996), p. 28.

²⁷ Kwon Chŏng-hyŏn, "Hamhŭngsi kagu 90%, changsa-ro saenggye yuji" [90% of households in the city of Hamhŭng survive through private trade], *Daily NK*, 22 January 2006.

to pay 15,000 won monthly in order not to show up for work.²⁸ Since in 2005 10,000 to 15,000 won was equivalent to one-and-a-half to three times the average monthly salaries, it seems that in real terms the rate has not changed much. This payment not only gave an individual the right to trade, but also freed him or her from boring indoctrination sessions and the obtrusive gaze of officials. There have been reports of market traders who pay money to avoid time-consuming participation in compulsory events or festivities. For example, in summer 2006, it was reported that authorities officially collected 1,000 won from everyone who did not want to take part in the lavish celebrations of the fiftieth anniversary of the “gender equality law.”²⁹

It is remarkable, however, that the collapse of law and order did not produce a wave of violent crime: in this regard, North Korea is very different from post-Soviet states, where the collapse of the communist state, combined with endemic corruption, produced a powerful “mafia culture.” It seems that North Korean merchants seldom if ever have to deal with the protection racket. When asked directly, our respondents did not mention threats from mobsters as one of their major security concerns.

Modes of Operation

The initial investment capital of each individual was obtained through different sources. R1 used money her mother had accumulated through small-scale business ventures in the early 1990s, if not earlier. R2 was given a sum of 10,000 won by her husband’s friend (after her husband had been arrested for alleged political crimes). R3 was engaged in business from the late 1980s and her initial investment capital was provided by visiting relatives from China. R6 received some money from a relative in Canada. Even though this money was probably not instrumental in starting his business, nevertheless the transfers did play some role. R7 came from a very rich family; his mother had made a fortune by illegal trading in the 1980s and his relatively high position within the official bureaucracy also gave him advantages. However, even in this case the mother’s business began only when their relatives in the United States sent them some money. Thus, a majority of our respondents began their businesses with money from overseas.

The amount of money our respondents had invested in business in the late 1990s could be counted in the hundreds of dollars.³⁰ In the North Korean

²⁸ Chu Sŏng-ha, “Hyŏn-ch’al kot myŏnjoebu [Money is an Excuse],” *Tonga Ilbo* [East Asia Daily] 25 January 2006, p. 3.

²⁹ *North Korea Today*, no. 31 (2006), p. 4.

³⁰ The black-market exchange rates are not known with sufficient precision. However, according to newspaper reports, from 1998 to 2001 the black market rate, the only meaningful rate for our purposes, fluctuated between 150 and 230 won per dollar, usually being close to 200 won a dollar (*Hanguk kyŏngje*, 3 February 1998, p. 3; *Hangerye simmun* [Korean Nation Newspaper] 14 April 1999, p. 4; *Munhwa Ilbo* [Culture Daily] 4 November 2000, p. 5; *Chosŏn Ilbo*, 23 November 2001, p. 8).

context, this makes them mid-level wholesale operators. For R2, the size of her initial investment in 1999 was 10,000 won (about US\$50), but soon she was operating with the much larger amount of 70,000 won (about US\$350) and more. In 1998-1999, R3 had a similar amount at her disposal and her monthly earnings were 10,000 to 20,000 won (US\$50 to 100). These income levels were indeed impressive since official salaries in those days remained at the level of 70 to 150 won (one dollar or less) per month.³¹

High incomes were possible because of the high profits. R3 recalled that in the early stages, in 1995-1996, every 1000 won invested in trade would bring an additional 1000 won within a month or so. Later, profitability shrank to a much lower level, but 20 to 30 percent returns a month remained the norm at least until 2002-2003.

In some cases, the respondents amassed enough money and/or connections to invest in really large business operations. R5 eventually made enough money to invest in trade in used cars. She borrowed additional money from a large group of friends and imported six cars from Japan for resale in China. This type of venture could bring large profits, since a car could be bought for US\$1,800 and resold for US\$3,200. However, her Chinese partner failed her: after the cars were shipped, no payment arrived. This led to a huge debt which haunted R5 until her escape from the North.

It appears that the initial impetus for grassroots capitalism in North Korea to a very large extent came from the outside world—largely from China, but also from Japan. As R3 stated clearly: “It was the people coming from China who in the early 1990s opened the way of trade to the North Koreans.”

A Chinese visitor described a North Korean market in 2001 in the following way: “At the market, everything is from China. It is not an exaggeration to say that at least 90 percent [of all goods] are produced in China, from clothing to medicines to the notebooks used in schools”.³² The most popular Chinese goods included clothing, footwear, tobacco, cosmetics and home appliances. China also serves as a conduit for goods from other countries, including South Korea.

In late 1996 and early 1997, R1 was involved in the cigarette trade. She made regular trips to the borderland area from her native Pyongyang to buy Chinese cigarettes from professional smugglers. In late 1996 a pack of ten would cost her 280 won in these borderland areas, but could be sold in Pyongyang for 380-400 won wholesale. Later, R1 found ways to buy the ciga-

³¹ In 2002 Bank of Korea researchers conducted a survey of former market vendors and other private entrepreneurs who had recently defected to the South. According to this research their average monthly income around 2000 was 5,056 won, which is 50.7 times higher than the average monthly salary of the day. See “Pukhan-ŭi sakyŏngje (che 2 kyŏngje) silt’ae” [The Situation in North Korean Private Economy (Second Economy)], *Pukhan* [North Korea] no. 373 (2003), p. 221. The research was conducted by the Bank of Korea.

³² Chŏng Tong-gu, “Chaejung tongp’o changsakkun Pukhan chungso tosi-rŭl kada” [A Chinese-Korean merchant goes to small and medium-size cities of North Korea] p. 212.

rettes even cheaper, at 240 won a pack, purchasing the merchandise straight from the smugglers instead of the local go-betweens. The average trip to the border and back took about a week and brought approximately 20,000 won in net profits. Since R1 was employed as a phone exchange operator, her official monthly salary was merely 80 won, some 250 times smaller than her income from private trade.

Both R2 and R3 dealt with the merchandise they purchased in the Najin-Sonbong SEZ where Chinese merchants were allowed to sell their goods openly. R2 purchased Chinese goods in her native area near the border and then moved the goods to Wonsan, a few hundred kilometres south. She used the money to buy cloth which was produced in Wonsan for military tents and then re-sold this cloth near the border. This is probably the only case where some kind of domestically produced merchandise was traded by our respondents.

A major role is played by the Pyŏngsŏng market in the vicinity of Pyongyang. According to R3, who visited it a few times, this market has the reputation of being the largest in the entire country.³³ Its location is determined by the fact that for most merchants it is difficult or impossible to obtain an entry permit into Pyongyang; hence this market, located in close proximity to the capital city but in a less restricted area, attracts a large number of people.³⁴

China, meanwhile, is not merely exporting goods to the North but also buying some merchandise as well. Seafood and medical herbs seem to attract special attention from Chinese merchants. R2 was selling them dried squid which she purchased from local fishermen and R3 began her business from selling Pollack fish, sea urchin and sea cucumber directly to the Chinese merchants. It seems, however, that the Chinese are interested in a very short list of items. Apart from seafood, respondents mentioned copper, which used to be a major trade commodity in the mid-1990s (R1), as well as Koryo-era antiques (R3). Indeed, it seems that from 1998 to 2000 there was a small boom in trade in antique items from raided tombs.³⁵ R3 and R7 mentioned that considerable interest in antiques developed around 2000, even though they personally had nothing to do with this trade.³⁶

³³ However, R6, who lived in Pyŏngsŏng himself, believed that some Pyongyang markets, especially Songsin, are considerably larger than that of Pyŏngsŏng. R7 cited a popular North Korean saying that in Songsin market "one can buy everything except a cat's horns" (an allusion to an old Korean joke which in the South was once regularly applied to the Namdaemun market).

³⁴ The newsletters put out by the organization Good Friends also emphasize the significance of the Pyŏngsŏng market. See *North Korea Today*, no. 2 (2004), p. 3; no. 3 (2004), p. 3.

³⁵ A series of articles dealing with the subject was published by the *Kookmin Ilbo* [Citizens' Daily] in April-March 2005. See the first article of the series: "Chojik-uro hwaldonghanun milmae rut'ũ" [Smuggling Route which Operates Orderly], *Kukmin Ilbo*, 28 March 2005, p. 6.

³⁶ These reports are corroborated by numerous publications in the South Korean press. See, for example, a series of in-depth articles on antiques smuggling, published in *Kukmin Ilbo* 28 March, 30 March, 4 April, 6 April and 11 April 2005.

R6, being born into the gold mining town of Sŏngch'ŏn, was engaged in small-scale trade in gold, which was illegally picked up by the workers at mines. The gold could be bought at 700 won a gram in Sŏngch'ŏn and then re-sold in Pyŏngsŏng for 900 to 1000 won. Closer to the Chinese border, prices would be even higher, reaching 2000 won (relatively close to the international gold price, which in the early and mid-1990s fluctuated around US\$10 to 12 per gram). The Chinese were major buyers of smuggled gold. However, to minimize risks R6 never bought much gold, limiting himself to a few grams of the precious metal. Large-scale smuggling of gold was punishable by death and in his native Sŏngch'ŏn he witnessed a number of public executions of unlucky gold dealers. Being a small-scale trader, he could easily and cheaply bribe the police into letting him free if he himself was arrested (which happened to R6 a number of times).

R6 was rather unique in his choice of just one item for his operations. The same is true of R1, a cigarette trader, but her business activity lasted for less than a year and thus is not representative in this regard. All the others switched between the goods they traded with remarkable ease, looking for the type of merchandise which gave the highest profitability at any given moment. R3, for example, traded in seafood, cloth and garments and cosmetics and ran a currency exchange business as well.

New Independent Businesses

The “second economy” in North Korea is by no means limited to trade in smuggled goods or food. Other forms of capitalist enterprise are emerging as well. It is remarkable how rapidly the market economy began to acquire a new shape once official pressure was sufficiently relaxed.

R1 mentioned that from around 1997 the North Koreans began to buy ready-to-wear clothes from markets (in earlier times their clothing was normally tailor-made in the tailors' shops, using cloth provided by the patron). Some garments were imported from China, but in many cases the clothing was produced locally, in private workshops which might have some semi-official status.

R2 reports that in her native city from the late 1990s there was a large number of newly established private businesses which produced garments in accordance with the latest Chinese fashions. Once new types of clothing were smuggled from China, businesspeople began to make copies. They distributed the cloth and other material among households where women would sew the garments.³⁷

³⁷ R2 also said that, after the “July measures” of 2002, the government tacitly recognized the existence of such workshops and began to tax their operations, but their activity remains systematically underreported.

R2 was involved with a private canteen which was opened with the authorities' approval in 2003. She says that with the beginning of the famine around 1995, nearly all state-managed eateries ceased to operate, but new private food stalls and restaurants emerged a few years later.³⁸

R2's canteen was established by six people, five of whom had earlier experiences in the state-run restaurant industry, with R2 being the only exception. The canteen was opened in August 2003, on the assumption that after a grace period of four months, each of the canteen's owner-managers would pay 1,500 won a month to the local authorities. There were additional official payments as well and to minimize these the owners underreported their earnings, insisting that the business was not going well. In fact, business was good, since the canteen was conveniently located near a market square, so after paying taxes and bribes R2 still had 10,000 won a month, a sum which she described as "sufficient."

The above-mentioned canteen catered largely to merchants. Such eateries are a part of the infrastructure which developed to support the market activity and are essentially both independent from the state and unrelated to earlier (and less efficient) state-run service industries. According to R3, "from around 1998 onwards, individuals could get to any roadside private house and ask whether it was possible to stay overnight. They would charge 20 won per night and if a meal was included, the price would be 10 won more. Eventually houses which specialized in providing accommodation appeared." Needless to say, in these small inns nobody asked for ID or papers.

Financial services emerged as well. In late 1999 R3, an energetic and entrepreneurial woman always looking for more options, started a Chinese currency exchange business. She visited the local Chinese and checked if they were willing to sell some Chinese yuan. The rate was 2,200 won for 100 yuan. She then traveled to Najin, where she sold the Chinese money at a rate of 2,800 won per 100 yuan.

Traders also have the opportunity to secure necessary capital via private loans. The official banks do not consider lending money to private individuals, so they have to rely on loan sharks. The lenders charge interest ranging from 5 percent to 30 percent monthly, depending on conditions (R3, R6).³⁹ Of course, one should take into account a high inflation rate in the late 1990s, so the real interest rates would be somewhat lower, but still very high by normal standards. R6 reported: "From the late 1990s there have been people who lend money for interest. Most of them are also money changers."

³⁸ R2 insisted that in the countryside nearly all canteens are private these days. A press report corroborates this claim. Its author, a defector himself, states that in the late 1990s eateries were the most common type of small business venture in North Korea. It also mentions the proliferation of new types of food and new dishes. See Yi Su-hyŏn, "Pukhan-ŭi anj'ŭn Changsa" [Market retail trade in North Korea], *Pukhan* [North Korea] no. 372 (2002), pp. 192-193.

³⁹ For more on money lenders, see *North Korea Today*, no. 3 (2004), p. 2.

A special term, tonju (master of the money), was even coined to describe these lenders and operators (R3, R6, R7).

The Impact on Society

The explosive growth of the markets resulted in a dramatic transformation of North Korea's social structure, values and hierarchies. The old system left almost no avenues for social promotion outside the official bureaucratic channels. Today, new options have appeared, some of which seem to be more attractive than the established career scenarios, especially to the members of hitherto discriminated groups who would have had no hope of social advancement whatsoever.

R6 described these changes: "Those who once attempted to trade came to like it. Until now, [North Koreans] knew that only cadres could live well, while others should eat grass gruel, but now merchants live better than cadres and they feel proud of themselves."

The merchants have better contacts with the outside world, not least because many of their supply networks start and/or end overseas, largely in China. This means that they are well aware of China's prosperity. R2 and R6 stated that "nearly all" merchants know that South Korea is a rich country.⁴⁰

The vendors also avoid the government's gaze. Most of the official surveillance in North Korea is conducted in the workplace, and the merchants do not show up there too often. They do not attend indoctrination sessions and do not deliver obligatory confessions at the regular self-criticism meetings.

The rise of the merchants also meant a challenge to the established social hierarchy. From the 1960s, the social standing of a North Korean was largely determined by his or her *sōngbun*, a place in the complicated system of hereditary and semi-hereditary groups which was defined by one's family background and supposed loyalty to the regime.⁴¹ However, the new prominence of merchants has nothing to do with their standing in this system. The merchants demonstrate to North Koreans a different way of living, which appears alluring but has nothing to do with the established patterns of existence within the harsh and paternalistic state structures.

It is quite remarkable that market traders are overwhelmingly female. R3 estimated that women compose some 80 percent of all people involved in

⁴⁰ It cannot be otherwise, especially if you consider the high regard with which South Korean goods are held in Northern marketplaces. Regarding the popularity of the South Korean goods, see Kang Ch'ol-hwan, "Pukhan chang madang-sō Namhan sangp'um 'pult'i' nanda" [The Shine of South Korean Goods in North Korean Markets], *Chosōn Ilbo*, 17 April 2002, p. 53; Hong In-p'yo, "Nam Chosōn sangp'um chohayo: Pukhan-e punūn 'Namp'ung" ["South Korean Goods are Great": The Craze About Things South Korean in North Korea], *Kyōngnyang sinmun* [Capital and Countryside Newspaper], 17 March 2004, p. 3.

⁴¹ The best description of the *Sōngbun* system in English can be found in Helen-Louise Hunter, *Kim Il-song's North Korea* (Westport, CT: Praeger, 1999), especially pp. 31-34.

the North Korean market. The respondents' explanations for this phenomenon are quite uniform: until the early 2000s, North Korean adult males still believed that it would be more prudent to keep their old "official" jobs on the assumption that the country would revert to its old ways sooner or later. At the same time, it was seen as more acceptable for a woman not to have a regular job (from the late 1970s North Korean authorities scaled down their efforts to attract women to industrial productive activities).⁴²

In the 1990s, the North Koreans reasoned that sooner or later things would return to "normal"; that is, to the situation which existed in the Kim Il Sung decades, and if this happened, an excessively active engagement with private markets and a failure to show up at one's work regularly would become a sign of political unreliability. Regular employment with an official, government-run enterprise was also seen as an actual or potential source of social and educational benefits, and it was a male's responsibility to ensure that the family remained eligible for such benefits. As R3 put it, "the males have to go to the factories even if they do not get any wages." Similar observations are also shared by most authors who have written on this topic.⁴³ It is also possible that lengthy military service influenced the gender proportion as well: since the obligatory service tends to last for about a decade, a large number of younger able-bodied men are forced to disengage from the economy.

One should also note that there seems to exist a tradition of female business in Korea. It is remarkable that all our respondents whose parents were involved with some business activities in the 1980s describe those early ventures as operations of their mothers and never of their fathers (R1, R5, R7).

It was frequently mentioned that wives of the cadres (kanbu) tend to be quite active in market operations, because they can utilize their husbands' connections. R2 explained: "Since it is impossible to trade in North Korea without maintaining connections with the authorities, the women from the cadres' families do the best business."

At the same time it is remarkable that the cadres kept themselves aloof from market activities, it being forbidden or strongly discouraged, and since their official job still appeared quite attractive. According to R3, "because cadres cannot trade themselves, they had to do it through their wives." R7

⁴² On the evolving official approach to the role of women, see, for example, Yi Mi-gyŏng (Mi Kyung Lee), "T'albuk yŏsŏng-gwa-ŭi simch'ŭng myŏnjŏp-ŭl t'onghaesŏ pon kyŏngjenan ihu Pukhan yŏsŏng-ŭi chiwi pyŏnhwa chŏnmang" [Prospects for Changes in the Position of North Korean Women's after the Economic Crises, as Seen through Interviewing Female Defectors], *Kajok-gwa Munhwa* [Family and Culture] vol. 18, no. 1 (2006), p. 37.

⁴³ There are a large number of articles and interviews which highlight this prominence of women in North Korea's emerging unofficial economy. So far, there is one piece of academic research which treats the issue at length; see an article by Yi Mi-gyŏng (Mi Kyung Lee) and Ku Su-mi, "Kyŏngje wigi ihu pukhan tosi yŏsŏng salm-gwa ūisik: Ch'ŏngjin, Sinŭiju, Hyesan-ŭl chungsim-ŭro" [The Life and Consciousness of the North Korean Urban Women after the Economic Crisis: Based on the Ch'ŏngjin, Sin ŭju and Hyesan cities], *Pukhan yŏngu hakhoe bo*, 2004, pp. 161-184. The article is based on extensive interviews with North Korean defectors.

explained that even the wives of cadres were not normally allowed to trade: “Until 2002 party cadres, police officials, security officials and their family members were prohibited from taking part in trade. However, they did so through other people, giving these people money and then sharing in the profits.” However, the statements of R2 and R3 appear to indicate that the ban on private commercial activity of the officials’ wives, if it actually exists, is often ignored.

These changes meant a major shift in the North Korean social hierarchy. It is clear that the government is incapable of supporting the old values by rewarding people who demonstrate the officially approved virtues. Cadres might still live well, but for the majority of the population, it does not make much sense to strive for party membership, demonstrate political zeal and excel in the study of the Dear Leader’s latest pronouncements.

Conclusion

The last decade has been a time of dramatic changes in North Korea. The old system, which was based on all-encompassing state control over the economy and society, collapsed, and a new system has gradually emerged. It is remarkable that this growth of commercial activities was spontaneous, began without any encouragement from above, and often flourished in explicit contravention of official restrictions and bans. North Korea’s switch to markets began from below, and this constitutes a major difference from the post-communist transformations of the USSR and China, where the authorities took the lead. When some half-hearted reforms took place in 2002, for all practical purposes the consumer needs of the North Koreans were already being met by these booming private markets.

It is important to realize that the much-trumpeted 2002 reforms merely confirmed the changes in the social structure which have happened anyway. Research on the situation in the 1990s makes one skeptical about the oft-repeated statements that the 2002 reforms “allowed market activities.” It seems that in 2002 the government reluctantly agreed to accept what was already taking place, and which it could not control anyway.⁴⁴

The time frame of our article ends with the reforms, since at this stage it is difficult to make definite conclusions about the most recent developments. However, it appears that the 2002 reforms represent the greatest liberalization in North Korean market policy. From 2005 onward, there have been signs that authorities have resumed their attempts to roll back the changes and reduce the scale of market activity dramatically, thus restoring the situation of the 1980s. Currently, however, it is unclear whether such attempts have succeeded in setting the clock back.

⁴⁴ For more information on the 2002 reforms, see Young Chul Chung, “North Korean Reform and Opening: Dual Strategy and ‘Silli (Practical) Socialism,’” *Pacific Affairs* vol. 77, no. 2 (summer 2004), pp. 283-304.

The initial impetus for the markets' growth in the late 1980s came from outside the country's borders, largely from China. In most cases, the supply chains of North Korean markets either start or end in China or Japan. Cross-border price differentials create manifold opportunities for profitable dealings. People who have privileged access to both North Korean and Chinese markets are making good money out of it. These people often belong to one of two groups: ethnic Chinese residents of North Korea (*huaqiao*) and ethnic Korean residents of China (only a fraction of the latter group seems to be involved with the cross-border trade, however). Members of all social groups are involved in the market activities, but a measure of overseas connections seems to be an important requirement for achieving commercial success. In a sense, the world capitalist system moved to North Korea once the authorities lost their ability to keep the country's borders under control.

The emergence of grassroots capitalism in North Korea first began in the area of trade, but soon other forms of capitalist enterprise began to emerge as well: inns, eateries, sewing workshops, money-changing and money-lending services.

In absolute terms, the North Korean merchants are not rich: a merchant with a mid-size operation around 2000 would control less than one thousand dollars of investment capital. However, in a country where the average salary is merely one or two US dollars a month, this amount clearly puts them well above their peers.

A remarkable feature of the new grassroots capitalism is the prominence of hitherto underprivileged groups. People with good official connections usually manage to reap the largest profits from this development, but some members of the former underclass are also doing well. The prominence of women, who constitute the majority of merchants, is also remarkable, especially in a male-centred society like North Korea. The hitherto discriminated-against ethnic Chinese and people with overseas connections are also playing a major role in the new economy.

The near collapse of the old system has led to the emergence of new life strategies which are very different from what North Koreans have grown accustomed to in the decades of Kim Il Sung's rule. Merchants generally remain outside government control and they can easily bribe officials to buy relief from the many troublesome duties of a normal North Korean citizen. Their success is unrelated to their real or alleged loyalty to the system, and their worldview is shaped by many new influences, including the information filtering in from beyond the country's borders. They present a vital and attractive alternative to the officially promoted life strategy which, as many Koreans came to understand, leads nowhere. It might be premature to see them as a potential force that could break down the ossified North Korean social order, but their contribution towards change is large and undeniable.

What will be the long-term social and political impact of these recent developments? Describing the current situation in the country, R2 noted that

“elderly or unlucky people still miss the socialist days, but younger people are adept at doing business, believe that things are better now [than they used to be in the past] and worry that the situation might revert to the old days.” We should not draw general conclusions from this observation; it is made, after all, by a market trader who obviously spends much time with her colleagues, the victors in the new social reality. R6, after talking about the new-found pride and independence of the merchants, also admitted that most common people long for the stability of earlier eras, when everybody had guaranteed rations. Still, it is clear that in the recent decade or so we have seen the emergence of a large and powerful social group whose members do not want to go back to the all-encompassing state control of the Kim Il Sung era.

*Kookmin University, Seoul, Korea, and
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