North Korea after the Nuclear Crisis: the Future of the Economic Reforms

RALPH M. WROBEL

Abstract

A few years ago North Korea took the first steps to reform its economic system. These reforms have been characterised by the introduction of some basic monetisation into the economy and reduction of the role of government in setting prices and controlling the distribution system. The changes in North Korea’s economic management and operational measures showed similarities to the processes other Asian transformation economies had gone through earlier. On the other hand the reforms may be seen as weak and insubstantial. After the nuclear crisis it must be asked whether North Korea has turned back into political isolation. A donor-based survival strategy, namely a combination of military threats and political advances to lure aid, and maybe even investment, to the country, was reactivated by the North Korean regime. Under the Six-Party Talks Agreement in February 2007 North Korea secured economic, energy and humanitarian assistance on a large scale. Therefore reversion or a slow-down of the reforms has to be feared.

North Korea: ‘Rogue State’ or ‘Transformation Country’?

On 9 October 2006 the Democratic People’s Republic of Korea (DPRK, North Korea) announced it had conducted a nuclear test. After several days the US authorities confirmed that the explosion was nuclear, but produced only a low yield of less than one kiloton. As the United Nations Security Council met and approved a resolution condemning the tests and calling for sanctions, the North Korean regime declared that any pressure on the country would be regarded as an ‘act of war’ (Chanlett-Avery & Squassoni 2006, p. 1). In this way North Korea appeared once again as a so-called ‘rogue state’, as different US administrations have claimed before (Frank 2003, p. 272).
On the other hand, a few years ago North Korea took the first steps to reform its economic system. As one of the few socialist nations left today, North Korea is confronted simultaneously with economic decline and international isolation. When considering the poor performance of the North Korean economy, it is clear that economic reforms and structural change are necessary tasks for the regime to survive (Lee 2004, p. 11). In July 2002 North Korea initiated a series of economic reforms which have been heralded by some observers as important first steps in the establishment of a market economy in the country (e.g. Frank 2005a, p. 293). These reforms have been characterised by the introduction of some basic monetisation into the economy and reduction of the role of government in setting prices and controlling the distribution system (McKay 2005, p. 83). At the same time there have been clear indications that North Korea was endeavouring to overcome its international isolation. Recent developments like diplomatic rapprochement with many Western countries, the strengthening of projects with South Korea and the promotion of the Kaesong industrial park, led to the assertion that the North Korean regime was gearing its policies towards the expansion of international economic activities (Lee 2004, p. 14).

It must now be asked whether North Korea turned back into political isolation by admitting the existence of the nuclear weapons programme, including the missile as well as the nuclear tests in 2006. Can we also talk about a step backwards in institutional development? To answer these questions, this article focuses on the development of market economy reforms and the overcoming of the international isolation of North Korea under the framework of international economic sanctions as well as international economic aid. Last but not least, it will ask how the reform process in North Korea may be supported by the international community.

The Development of the North Korean Economy

The Nature and Dynamics of the Regime

Basically North Korean society and especially the economy are organised along lines similar to all other socialist states. Since North Korea’s inception property rights have resided primarily with the state (Art. 20 of the Constitution, see Frank 2003, p. 307). Resource allocation is largely carried out through the planning mechanism, not markets. The role of money, prices and other familiar institutions of market economies is severely circumscribed. In contrast, output is measured on a material product basis, which is basically incompatible with the system of national accounts used in market economies (Noland 1997, p. 34). But the North Korean system is more than a centrally planned economy. Beside the similarities to other socialist states North Korea is made up of two key overlapping elements: the military–party complex and the Juche ideology and system.

The core of the North Korean state is the military–party complex, because it dominates the entire system. It is usual in communist states for the workers party to be the central focus, with the military also playing a key role. But in North Korea the armed forces are even more influential than in any other socialist state in recent history. This may be the result of a number of historical legacies and North Korea’s assessment of its current strategic vulnerability. The Korean Workers Party thus developed as a vanguard party but within a dominant culture of militarism. In recent years the central role of the military has been articulated even more clearly as the ‘military-first’ policy, in Korean called ‘Songun’. Songun has now emerged as the
dominant feature of the regime (McKay 2005, pp. 87–88). It must be emphasised that the military complex in North Korea includes a parallel military economy outside the central plan. The military maintains a completely integrated economic system, including farms and mines up to facilities to manufacture uniforms and weapons, with separate administrative structures, including foreign trade firms. This military complex has privileged access to technology and imports. So 95% of weaponry is produced domestically, and much of what is produced is exported (Noland 1997, p. 34). Some analysts have estimated that North Korea earned USD 50–100 billion a year in recent years from the export of missiles to countries including Pakistan, Libya or Iran (Jeffries 2006, p. 413).

At the centre of the ideological underpinnings of the regime are the Juche ideology and system. Literally ‘Juche’ means ‘subject’, meaning the subject thinking and acting to master the world. In this way Juche is an anthropocentric ideology, based on the superiority of willpower and ideology over environmental conditions (Seliger 2004b, p. 78). Additionally, for North Koreans Juche is not only a development of Marxism–Leninism but a ‘new innovative idea created by the North Korean leader Kim Il-sung’ (Kim 1999, p. 12). Together with its twin notion of ‘Chajusong’ (self-determination) Juche means a collective movement under the firm guidance of the Workers Party and a strong leader (‘Suryong’), Kim Il-sung or his son Kim Jong-Il (Pan 1992, p. 73).

The concept of Juche first emerged in the mid-1950s and was used to justify extremely high levels of central command and autarky in the economic system. As the historical experience of the Soviet Union—especially in the Stalin era—has shown, in this way the use of centrally determined economic targets and the ideological mobilisation of the labour force are possible. A high level of collectivisation of agriculture was an additional result of the Juche approach. With its nationalistic overtones the Juche ideology was very useful for the North Korean leader Kim Il-sung in the early stages of his internal battles within the North Korean ruling elite. Using Juche as the basic idea of the North Korean model of communism, Kim was able to denounce opponents as being out of touch with the historical legacies and local realities of the North Korean situation. Later Juche allowed Kim Il-sung to move away from the Soviet model in some important respects, for instance defending his essentially Stalinist methods of command in the economy at a time when Khrushchev was moving in new directions in the Soviet Union itself (McKay 2005, p. 88). In 1956, when aid from the Soviet Union as well as from China declined, Kim Il-sung extended the Juche ideology to the economic sphere, meaning the development of a self-reliant economy. Later, in the 1960s, Juche was interpreted as leading to military self-defence and the principle of political independence. In 1970 Juche was introduced as the Workers Party’s guiding principle together with Marxism–Leninism, and two years later it became the leading guideline in the new communist constitution of the DPRK (Seliger 2004b, pp. 78–79). As a result North Korea became the world’s most autarkic economy with an international trade share of 12% of GDP (Noland 1997, p. 39).

The Decline and Crisis of Juche Socialism

Ever since its introduction in the 1950s the economic system of Juche has been a continuous disaster. The forced industrialisation of North Korea could be maintained only through massive Soviet and Chinese aid. But even with this aid growth rates were already declining in the late 1960s (Seliger 2004b, p. 79). For decades there has been an overemphasis on heavy industry to the detriment of consumer goods and services. As a result, the infrastructure everywhere is in a dire condition. Enterprises operate
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using outdated technology, and the country is largely unable to attract new technology from abroad. The suppression of international trade has contributed to foreign exchange shortages, which have inhibited the import of even essential products such as coal. The emphasis on military spending has deprived all other sectors of much-needed investment. A lack of adequate infrastructure, in particular, has had widespread effects, including on industrial production as well as agriculture (Noland 1997, p. 33).

While trade with and aid from the Soviet Union were disrupted from the mid-1980s, it was the industrial sector that went into recession first, and it was only later that agriculture followed (McKay 2005, p. 91). In response to this crisis the North Korean regime began some tentative reform measures even in the 1980s. A few years later, the breakdown of the socialist bloc in the early 1990s intensified the general crisis in the North Korean economy. In 1994 the death of Kim Il-sung brought the first notable change in economic policy. During a period of uncertainty about the North Korean leadership transition, from 1994 to 1996, the economic priorities were changed to agriculture, light industry and a ‘trade first’ policy. However, these changes did not achieve the expected results. The situation of consumers in North Korea did not improve because the change of economic priorities did not bring improved incentives for production or lead to improved availability of resources for companies in the consumption sector. Therefore, in 1998, the old priority of heavy industry as the basis of economic growth was reintroduced (Seliger 2004b, p. 79).

Since 1995 the food situation has constituted a humanitarian tragedy of immense proportions. Between 1995 and 1997 between 1.5 million and 3.0 million people are believed to have died. Some commentators have estimated that an additional 2.5 million people perished from malnutrition and related diseases. Of course the official government figure is rather lower than this. In a country which has heralded the virtues of self-reliance and the paramount importance of the welfare of its population, this has constituted an undeniable challenge to national pride. As a result of the crisis annual imports of around 1–1.8 million tons of grain have been needed in much of the time since 1995 (McKay 2005, p. 90). Table 1 shows estimated economic data for North Korea in 1995–2004, which explain the extent of the economic and humanitarian crisis. As one can imagine, the key goal of the reforms from 2002 has been to increase agricultural production and ameliorate the impact of the long period of food shortages felt in all parts of the country.

The causes of the severe food shortage in North Korea have been much debated. While the North Korean government has cited severe environmental and natural factors as the key problem, external observers emphasise the decline of productivity in the North Korean agricultural sector. Indeed, of North Korea’s national area of some 12 million hectares, around 85% consists of mountainous terrain. Only 15% can be classified as arable land. In addition soils are often poor. The climate is harsh, with a very short growing season of 130 up to 190 frost-free days a year. The North Korean government has also pointed to a large number of natural disasters in recent years. There were severe floods in 1995, 1996 and 2001, droughts in 1997 and 2000, and a destructive storm in 2000. But these natural disasters have been made much worse in their impact by over-cropping and erosion. In the search for extra output, many steep hillsides have been cultivated, with serious consequences for erosion. The result of all of this has been a serious decline in harvests (McKay 2005, p. 91).

Much of the agricultural machinery in North Korea remains very old and inefficient. Only about half of the estimated 62,000 tractors are operational. Between 1995 and 1997 the country’s largest agricultural machinery plant, Gumsung Tractor, was
not able to produce a single tractor because of supply shortages (Gey 2004, p. 129). As a result, it is reported that oxen are being used increasingly to cultivate the fields. The energy crisis facing the country has also had a major impact on agriculture, e.g. by serious shortages of fuel for agricultural machinery. Domestic production of fertilisers has also declined, so that now only 10% of the annual demand can be satisfied. As a result of all of this, rice yields declined from around seven or eight tons per hectare in the 1980s to around half of that in the late 1990s. It is clear that these problems result from the earlier collectivisation of agriculture and the adherence to the ‘Juche farming system’ (McKay 2005, pp. 91–92).

Summarising the reasons for the economic decline in North Korea, first of all the wrong incentives of the Juche ideology and system must be emphasised. The decline of the North Korean economy began much earlier than the discontinuation of energy deliveries from the Soviet Union or the flooding and droughts of the mid-1990s. While these factors played an important role, the underlying problems have been the conception of self-reliance, its impact on economic development and the international isolation of the North Korean economy. Energy supplies from the Soviet Union as well as economic aid from China only allowed North Korea to sustain the illusion of successful economic development for a long time. In addition it led to an overestimation of North Korea’s economic strength, an illusion similar to the overestimation of the economic strength of the German Democratic Republic in Europe (Seliger 2004b, pp. 79–80). Because the decline of Juche socialism threatens the North Korean regime, survival has become its foremost goal.

Economic Reforms in North Korea

The Development of ‘Special Economic Zones’

In 1984, after visits to China by Kim Il-sung in 1982 and 1983, North Korea introduced a Joint Venture law apparently modelled on China’s to attract Western capital (Noland 1997, p. 47). Most partners in an estimated 50 joint ventures in the 1980s were pro-North Korean businessmen from Japan (all members of the Chongryun organisation representing Korean residents in Japan) (Jeffries 2006, p. 426). However, no significant increases in inward foreign direct investment materialised. Up to 1990 there were less than 135 cases of foreign capital investment in North Korea (Nam 2005, p. 199). In the early 1990s, when the breakdown of the socialist bloc led to economic difficulties in North Korea, attempts to attract FDI were strengthened. In 1990 a first Special Economic Zone (SEZ) was established, with three more at the beginning of the new century. They are to some extent modelled on the Chinese system. Kim Jong-Il himself visited China various times and reportedly was impressed by the economic development observed (Seliger 2003, p. 263). The establishment of such free economic areas seems to be one of the most significant institutional innovations which have spread widely throughout the world economic scene in recent years (Nam 2005, p. 195).

1 In 2000 the name was shortened to Rason.
2 The entrepreneur Yang Bin, a Chinese with Dutch and North Korean citizenship, made his fortune by building greenhouses in China and by selling textiles to Poland. He was known as one of the richest people in China. But his real estate empire in China collapsed when he was detained in 2002. He was later sentenced to 18 years in prison. With Yang Bin North Korea had chosen one of China’s most flamboyant capitalist entrepreneurs to head the proposed free-market enclave in Sinuiju (Jeffries 2006, pp. 435-436).
In 1990 North Korea established its first SEZ in the Rajin-Sonbong area in the so-called Golden Triangle between Korea, China and Russia. The proximity to China and Japan, the rich endowment with seafood and the ice-free harbour are the main natural advantages of this area (Nam 2005, p. 200). Favourable economic conditions like tax incentives, a guarantee of profit repatriation and the custom-free import and export of raw materials and intermediate products as well as products related to the industrial production of the SEZ were also among the features of Rajin-Sonbong (Seliger 2006b, p. 98). On paper these conditions were better than those in the Chinese or Vietnamese SEZs (Noland 1997, p. 47). Since then joint ventures as well as wholly-owned foreign enterprises from different countries in the sectors of telecommunications, transport, tourism and fisheries have been established. Up to 1999 about 150 companies—mostly from China—are said to have opened offices or factories in Rajin-Sonbong (Jeffries 2006, p. 431). However, no lasting development took place (Seliger 2006b, p. 98).

Although there have been some improvements in the physical infrastructure, its most serious bottleneck, the lack of an interregional and international transport network, has been reduced rather slowly. Moreover the original plan did not adequately consider competition from the neighbouring SEZs like Hunchun in China or Vladivostok in Russia as potential locations for foreign firms (Nam 2005, pp. 203-205). Nowadays Rajin-Sonbong is a directly governed city whose future seems to be limited because a lack of infrastructure, its peripheral position and a lack of both transparency and economic freedom hinder the development of investment (Jeffries 2006, p. 429).

In summer 2002 North Korea announced the opening of an additional SEZ at the Yalu River in Sinuiju, opposite the Chinese town of Dandong. The two cities are linked by bridges and a railway line. The main industries in Sinuiju, a town with 400,000 inhabitants, are chemicals, metals and food processing industries. As in Hong Kong, the plan was for a 50-year special basic law, which among other things allowed private ownership of means of production, a separate monetary and customs system, an autonomous budget and unrestricted capital movements (Seliger 2004a, p. 74). These regulations were intended especially to stimulate inflow of hard currency from China to North Korea. Unfortunately China was not previously informed about the North Korean plans of establishing a SEZ in Sinuiju, which would compete intensively with the Chinese SEZ in Dandong. Thus China took revenge and Pyongyang’s chosen governor of the Sinuiju SEZ, the Chinese–Dutch entrepreneur Yang Bin, was jailed for tax fraud in November 2002 (Hale 2005, p. 839). Since Yang Bin’s imprisonment there has been no more progress in the establishment of the Sinuiju SEZ (Seliger 2006b, p. 100).

More recently attention has shifted to two new projects in the south of North Korea, the Kumgang Mountains and the SEZ in Kaesong, a city close to Seoul, only a few kilometres from the intra-Korean border. Both projects have to be distinguished from the two earlier SEZs. While the Rajin–Sonbong SEZ is a trade-oriented centre that includes China, Russia and Japan and Sinuiju SEZ also focused on trade in order to develop cooperation with countries in the Yellow Sea rim area, including China, Kaesong is envisaged as a production-centred SEZ, to attract small and medium-sized South Korean enterprises, while the Mt. Kumgang project focuses on tourism (Kim 2007, p. 7).

In the preparatory stage of the 2000 North–South–Korean Summit between Kim Dae-Jung and Kim Jong-II long-term cooperation between North Korea and the South-Korean Hyundai Conglomerate began. The showcase of this cooperation was the
opening of the Kumgang Mountains and the shipping line to these mountains, which are dear to Koreans on both sides of the border. In 2002 a ‘Special Tourism Zone’ was established in this area. Hyundai were given exclusive rights in this zone for the next 30 years (Jeffries 2006, p. 432). After the initial hype wore off, interest in Kumgang Mountains tourism declined in the South, due to a combination of high prices, the complicated transport logistics by ship from a remote South Korean harbour, the near-military rules for tourists, who could travel only in large groups along a route surrounded by barbed wire. The opening of a land-based route in 2003 and bus trips have considerably lowered the costs (Seliger 2006b, pp. 99-101).

In contrast, Kaesong is the first major economic project undertaken jointly by the two Korean governments. During a three-year preparation period the North and South Korean governments worked on ensuring free passage across the demilitarised zone, and on establishing tax, accounting, banking and labour laws to be applied to the Kaesong Industrial Complex (KIC). Although Kaesong is geographically located in North Korea, general North Korean laws do not apply. Instead, the KIC has been governed by a special set of laws since it was officially inaugurated in June 2003. As one can imagine, the KIC is the centrepiece of North–South economic cooperation. At present, several dozen South Korean enterprises operate in the Kaesong industrial park, with a total of 6,000 North Korean workers. It is planned to complete the complex in three stages over ten years, starting in 2003 and ending in 2012. The first stage is reported to be currently well under way and was expected to be completed by 2007 (Kim 2007, p. 9). With an income tax rate of 14% for general business and 10% in industries that are to be encouraged (e.g. light industry or ultramodern science) as well as its position close to the South Korean border, the Kaesong industrial park offers a favourable investment environment for South Korean enterprises (Korea Today 2006, p. 38). Power and telephone services are supplied by South Korea. In 2005 already nearly 2,000 North Koreans and several hundred South Koreans were employed in the KIC (Jeffries 2006, p. 445). Hopes for Kaesong are high in South Korea. This SEZ seems to be the most direct parallel to the Chinese model of economic development as it began in Shenzhen or other SEZs. But the parallel to China could be misleading, because the scale of production in Kaesong is minuscule, and if it grows at the current pace, no real change in North Korea’s industrial output can be expected from it (Seliger 2006c, p. 66).

On the one hand, the implementation of SEZs in North Korea seems to be a first step in the direction of an economic transformation. On the other hand, the setting up of the SEZs can be seen as a strategy for safeguarding the North Korean political regime rather than pursuing a Chinese-style economic transformation. The communist government in Pyongyang is also claimed to fear the political consequences of any liberalisation of the economy while being aware of the advantages of these zones. As a consequence, it must be suggested that the regime has only little interest in integrating the SEZs into the rest of the economy but prefers them to remain isolated enclaves (Nam 2005, p. 208). That becomes obvious also in the geographical position of the SEZs, which are all located at the periphery of the country far away from each other (see Figure 1).

Decentralisation and Monetisation in 2002

Beside foreign capital acquisition by the establishment of SEZs in North Korea, in 2002 the regime introduced a series of far-reaching economic reforms which can be categorised in two separate but converging trends: monetisation and decentralisation.
Additionally, the trend to decentralisation can be divided in two categories: intended decentralisation measures in the industrial sphere and unintended agricultural decentralisation.

In October 2001 Kim Jong-Il proclaimed: ‘We must work out an effective economic management which will enable us to gain real profit while abiding thoroughly by the socialist principle’. To match this goal, in the industrial sector the most important reform was the alteration of the economic management system, including the alteration of the wage structure for factory employees and the new responsibility placed on factory managers for paying such wages. In addition, unprofitable enterprises have been shut down and the number of party officials in the factories has been reduced drastically (Hale 2005, p. 832). Under the reform of the management system all enterprises became responsible for covering their own costs. And along with this responsibility came increased autonomy: managers were told to purchase raw materials on the market and choose how to invest profit. Local factories were given leeway within the bounds established by the Central Planning Commission to develop detailed production plans. Furthermore they were allowed to establish actual prices (Kim & Choi 2005, p. 29). This policy shifted responsibility for wages as well as for profitability to the factories and was intended to encourage managers to find ways to increase productivity. In this way managers became free to set incentives for workers to work harder, e.g. by paying bonuses based on profits earned. Unfortunately, continued energy and raw material shortages have left the average operational rate of most factories at less than 30%. As a consequence, most factories are currently not able to produce enough to pay a living wage. But the North Korean government still

Figure 1. The North Korean Special Economic Zones.
emphasises ‘autonomy under central control’, continuing to set production quotas and refusing to give managers the ability to hire and fire workers (Hale 2005, p. 834).

Simultaneously, the North Korean government was increasingly attempting to cultivate the entrepreneurial spirit among the population. For instance, some formerly government-run restaurants and stores were transformed into private entities. Furthermore, if someone wants to invest in and run a factory, he can go through the People’s Committee and become ‘honorary’ factory manager. The profit will be divided in a 3:7 ratio between investor and government (Hale 2005, pp. 834–835). Transactions in such stores, restaurants or factories, operated by individuals or independent companies, are at market or negotiated prices (Kim & Choi 2005, p. 17).

Some decentralisation can also be observed in the agricultural sector. Already in the early 1990s the Public Distribution System (PDS) began to break down at the onset of famine. A few years later the government shifted responsibility for cooperative farms to local governments, essentially telling local leaders and cooperatives to find their own food. This measure induced a modest rise in production. Hence the July 2002 reforms explicitly called for a continuation of the PDS and did not change anything in the agricultural sector (Hale 2005, p. 836). But at the same time the government reduced the size of work-units (bun-jo) and granted cooperative farms the authority to establish detailed production plans (Kim & Choi 2005, p. 24). Soon after the July 2002 reforms the North Korean government launched a pilot land lease programme in Hamgyong province in the north-east that would revive the notion of private farming in the country for the first time since land was collectivised in 1954. Farmers were leased land as large as 400 pyong (1,320 square metres), received loans and equipment, were given independence in production, and were permitted to sell their produce on the private markets. Of course, the success of this measure is limited because of the small area (Gey 2004, p. 128). In January 2004 a new agricultural management system based on such family units was implemented on a trial basis (Kim & Choi 2005, p. 7).

In addition, for a few years now the working-groups have been allowed to sell their products on the ‘jangmadang’ (private markets) (Song 2004, p. 18). In this way a dual pricing system for grains was established in North Korea, and an unintended decentralisation of the whole sector evolved. Until 1995 the jangmadang were under strict control by the state. But during the famine the North Korean government had to give up this control (Frank 2005b, p. 249). The jangmadang then evolved rapidly from what were previously called ‘farmers markets’, which were supposed to trade only in agricultural products. So markets came to play an important role in North Korea, providing a badly needed supply of food and commodities (Hale 2005, p. 828). Now it is estimated that 700,000 – 800,000 North Koreans are merchants, which is 3 – 4% of the population (Gey 2004, p. 131).

In 2002 some kind of monetisation also occurred in the official sector. Before summer 2002 official prices in North Korea were not related to market value. Basic goods like rice were highly subsidised by the government. But the combination of the rationing system and a general dearth of goods meant that possession of money did not allow an average citizen to purchase desired quantities of goods. To allow money to play something like a market-oriented role, on 1 July 2002 the North Korean government raised the official price of goods it provided, including food, transport and

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3 As the author himself experienced in Pyongyang, foreign small change is rare. Therefore sometimes visitors get back a combination of euro cents, US cents and postcards.
electricity, to better reflect the actual cost of their production, eliminating all elements of government subsidisation (Hale 2005, p. 825). For instance the price of one kilogram of rice jumped 550-fold from 0.08 to 44 won, pork rose 26-fold. The price of state-provided services rose to market levels as well (Kim & Choi 2005, p. 16). Subsidies for housing were removed, although social services such as health care and education remained free. Simultaneously the government increased the basic monthly wage of workers from 110 to 2,000 won, with variations attributed to the type of work done (Hale 2005, p. 825).

One very significant and genuine effect of the price reform was to end government subsidies for food. Additionally, the quantity of food distributed by the state rose. Before the price reforms, selling rice on the private market would have yielded 81 times more than selling to the state. In contrast, after the price reform selling on the private market yields only six times more than selling to the state. In other words, it became clearly less irrational to sell rice to the state. It can thus be concluded that the price reforms have been a success, not necessarily in terms of creating incentives for producers to raise their output but certainly to encourage them to sell their products to the state (Frank 2005a, p. 301).

However, the price reforms are a case of state-introduced inflation. The North Korean won has been effectively devalued, both in terms of its purchasing power for rice and in terms of the won – USD exchange rate (Frank 2005a, p. 300). In August 2002 the North Korean government abolished the state-set exchange rate (1 USD = 1 won), unified the exchange rate for trade, which is presently the official exchange rate, and raised it from 2.2 won per dollar to the more realistic rate of 153 won per USD, in part to better reflect market realities (Kim & Choi 2005, p. 21). However, the absence of a corresponding increase in commodity production has led to an increasing difference between the quantity of won banknotes and disposable goods, which can be observed as hyperinflation (Gey 2004, p. 123). The value of the won at both the official and black market rates has fallen drastically for North Koreans seeking to convert their won into dollars or euros. While the official rate was 800 – 900 won to the USD in early 2003 and subsequently approached 1,000 to the USD, the black market rates were even higher. Simultaneously, the official exchange rate for foreign nationals remained steady at approximately 150 to the dollar after the reforms (Hale 2005, p. 827).

The black market rates can be imagined by observing the won–euro rate at the one market open for foreigners in Pyongyang (see Table 2). In 2003 the euro became a new legal tender for use in North Korea although the US dollar as well as the Japanese yen are accepted for payment (Seliger 2004a, p. 74). In order to reduce the exchange possibilities on the black market, foreign nationals in North Korea are forbidden to change money into won.\(^3\)

The hyperinflation has implications for the North Korean population that cannot be overestimated. For instance, the price for one kilogram of rice, set at 44 won in June

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<td>2,500</td>
<td>3,200 – 3,400</td>
<td>3,600</td>
<td>3,000</td>
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2002, was 1,050 won in May 2005. This must be seen in relation to the monthly wages in North Korea, which were approximately 2,000 – 3,000 won, on average, during this period. The distributive implications of hyperinflation may be one reason for the backward steps in the reform process of late 2005 (Seliger 2006c p. 65).

The Permanence of the Reform Process

The 2002 reforms were heralded by some observers as important first steps in the establishment of a market economy in North Korea (e.g. Frank 2005a, p. 293). For foreign visitors the success of the reforms seems to be obvious: Pyongyang is no longer a dark hole at night and traffic increased dramatically (of course on a very low level compared with other industrialised nations!). Also, there is a greater availability of consumption goods in Pyongyang. North Korea became a favourite destination for Chinese gamblers. The Casino Pyongyang in the Yanggakdo Hotel in Pyongyang is the showcase. The first pizzeria in Pyongyang, Byeolmuri (Galaxy), also heralded the change (Seliger 2006b, pp. 63–64) But in terms of quality both the reform process and the Byeolmuri pizza are deficient.

The economic reforms were inspired by China’s success after 1978, reacting to the new situation after the collapse of the socialist block in the early 1990s. But first of all they must be seen as ad hoc measures in response to the famine in the second half of the 1990s. In contrast to China, North Korea did not implement a transformation process from a centrally planned economy to a (socialist or whatever) market economy. Private property in the form of production facilities is currently explicitly prohibited in the North Korean constitution. Whether, when and how this legal problem will be handled is an open question (Frank 2005a, p. 306). Therefore the most important task of reforming a centrally planned economy, setting incentives for increasing production, has not been achieved and could not have been achieved by the reforms of 2002 (Seliger 2006c, p. 64). Monetary reforms as well as decentralisation have been mainly intended to increase the country’s official food supply, to regain state control over the sectors of the economy being encroached upon by black markets, and to reduce the state’s subsidisation burden. The SEZs were aimed to attract private foreign capital to kick-start the industrial sector and to earn money for the regime (Hale 2005, p. 823). The nuclear weapon programme as well as arms sales, drug smuggling and currency counterfeiting can also be seen as economic activities to bring much needed hard currency into the country (Frank 2005b, p. 244).

As the cases of China and Vietnam have shown, an economic transformation can take place without a dramatic change in the political sphere. But North Korea is still a country in which official ideology plays an exorbitantly important role for the stability of the political system. As result, for the introduction of such a profound measure as a market economy long-term ideological preparation seems to be necessary (Frank 2005a, pp. 279–285). But the reforms of 2002 were described officially only as an “economic adjustment policy for a strong and prosperous state” (Seliger 2004b, pp. 80–81). In fact, in recent years only very small basic ideological changes can be
observed in North Korea. As Frank (2005a, pp. 286–288) has pointed out, North Korean entrepreneurs are in the process of being integrated into society. Additionally he suggests that North Korea is giving up the idea of socialism in Marx’ sense and replacing socialism by nationalism in the form of Juche. But the idea is to stabilise the state-controlled system and to supplement it, not to replace it. Officially, the regime’s position is that markets have a right of existence at present in socialism, which by its nature is a transitory stage, but will become obsolete once their job is done and communism is reached. So it must be assumed that the domestic economic reforms of 2002 as well as the careful opening process at the beginning of the new century were no official first step in the direction of transforming the country into a market economy. These measures improve the economic situation but they also increase the instability of the regime. This has been shown, for instance, by the outflow of refugees, who are increasingly informed about the outside world. As long as the regime in Pyongyang is able to keep control over the ideological, political and economic development of the country, changes will be only gradual and can be rescinded if the regime feels itself strong enough.

In 2005 signs of a tightening of control and closing of the country after its timid opening of the preceding years could already be observed. The hyperinflation on the semi-legal markets became politically untenable and threatened the survival of the regime. Therefore the Public Distribution System again became the sole legal source for main agricultural products like cereals and rice. Additionally, travelling inside the country was made more burdensome for North Koreans, e.g. searching for food in China or travelling as merchants. At the end of the year all non-governmental organisations involved in humanitarian activities had to leave the country (Seliger 2006a, p. 40).

Yet it is very questionable whether those who have benefited from the opening as well as from the free markets portion of the hybrid economic system in North Korea will be willing to give it up. It is also doubtful whether the production level will be sustainable once the incentives from the market segment are removed (Frank 2005a, p. 290). As Hayek once noted, social development can be understood as a process of unintended rather than intended consequences of human action (Hayek 1952/1979, p. 41). The institutional development in North Korea and its impact is a good example of this distinction (Seliger 2004a, p. 75). The reforms of 2002 were introduced to alleviate the pressure on the regime of Kim Jong-Il caused by the desolate economic situation and the decline of the central planning Juche system. But the changes may well go much farther than the North Korean government intended them to go. While some reforms improved the situation of consumers in North Korea and in this way reduced the pressure on the regime, some elements of deregulation enhanced the free flow of information into the country. This will destabilise the Kim Jong-Il regime in the long term. In the past the information monopoly has been the cornerstone of the regime, but mass migration to China has already damaged it (Seliger 2004b, p. 85). A few years ago it was reported that many people in North Korea regularly listened to foreign radio, which is also undermining the information monopoly of the state.

As the author himself experienced, foreigners also have to give up mobile phones at the border control when entering the country. When leaving the phones are returned without problems. Simultaneously, it may be observed that foreigners have the possibility to phone abroad from international hotels but not into the national phone network. In contrast, North Koreans cannot phone abroad. Email connections are rare and contacting partners in Pyongyang is often problematic.
Before the nuclear crisis the training of officials and students abroad was taking place on a larger scale than ever (Jeffries 2006, p. 381). But the regime struck back to restore the former isolation. In June 2004 the possession of mobile phones was prohibited, only 18 months after implementation of a mobile phone system in North Korea. As Seliger (2004b and 2006a) has pointed out, North Korea represents the conception of a contested monopoly. Like West and East Germany in Europe, the two Koreas compete with each other institutionally. South Korea presents the capitalist Korea while North Korea remains communist, making direct comparisons possible. Other socialist states have lacked this comparability. The more that contacts with the South increase, the more the North has to justify its poor economic results. This in turn may force the North Korean regime to maintain or even increase the speed of reforms. If this argument is correct, then South Korea as well as the international community should encourage North Korea in its economic reform process (Seliger 2004b, p. 85). But, as one can see, a reversal in the economic reform process is also possible. When the North Korean regime feels threatened by the development it can change the direction of reforms. It is an open question whether or not economic sanctions and international aid promises will support the reform process in North Korea.

**Nuclear Crisis and Economic Reforms**

*International Economic Sanctions*

The nuclear test in October 2006 followed a pattern of North Korean provocation and escalation including also the launch of several missiles in July 2006. After the United States threatened financial sanctions on banks cooperating with North Korea in September 2005 Pyongyang boycotted the Six-Party Talks, the multilateral forum dedicated to eliminating North Korea’s nuclear weapons programme. Directly after the test the US government pushed for punitive sanctions at the UN and drafted Resolution 1718 (Chanlett-Avery & Squassoni 2006, p. 1).

Economic sanctions against North Korea are no new measure. For instance, from the time of the Korean War until 1989 economic sanctions against North Korea were maintained by the US. Between 1989 and 1995 the export of goods from the US to North Korea was permitted solely for the purpose of meeting ‘basic human needs’. In 2000 President Clinton eased many trade and travel sanctions in response to the North Korean voluntary halt in missile testing. In response to the missile tests in July 2006 the UN imposed new sanctions by Resolution 1695. Until Resolution 1718 was imposed in October 2006 it represented the strongest reprimand the Security Council had adopted against North Korea since 1950 (Choi & Lee 2006, pp. 5–7). Although Resolution 1695 did not use the term sanction in its text, it outlined measures very similar to so-called ‘targeted sanctions’, including all necessary measures by member states to prevent transfers of missiles or missile-related items to and from North Korea as well as all transfers of financial resources in relation to North Korea’s missile programme (United Nations 2006a).

In October 2006 UN Resolution 1718 was implemented by the Security Council. This resolution ‘demanded’ that North Korea returns to the Nuclear Non-Proliferation Treaty and conduct no further nuclear tests nor launch any ballistic missiles. In addition the resolution ‘decided’ that North Korea should suspend its ballistic missile programme as well as its nuclear weapons programme. All UN member states should prevent the direct or indirect supply to North Korea of heavy military equipment,
items and materials listed in certain UN documents as dual-use goods, and luxury goods. All member states should freeze funds and financial assets owned or controlled by ‘persons or entities designated by the Committee or Security Council as being engaged in providing support’ for North Korea’s military programmes. Excluded were financial resources deemed necessary for ‘basic expenses’, including food, insurance etc. Last but not least, all member states should engage in ‘cooperative action including the inspection of cargo to and from the DPRK as necessary’ (United Nations 2006b).

While the US implemented the UN sanctions directly it was questionable whether North Korea’s neighbours would follow them. Therefore, in a hastily arranged trip to the region, Secretary of State Rice reiterated the US security commitment to South Korea and Japan. China and South Korea were also urged to implement key measures of the UN resolution. Japan imposed its own unilateral sanctions against North Korea, more restrictive than those of the UN resolution. It banned all North Korean ships from entering Japanese ports and restricted imports as well as most North Korean nationals from entering Japan. For instance the ban on the Wonson – Nigata ferry was renewed. Fifteen entities were added to the Japanese Export Control List, which already listed 58 North Korean entities. All Japanese financial institutions are required to block any transactions by the 15 specified companies. In addition all charter flights from Pyongyang were halted (Choi & Lee 2006, pp. 25–26). Tokyo also vowed to assist the US military in stopping North Korean cargo ships for inspection. Japan thereby followed a pattern of taking increasingly hard-line positions on North Korea (Chanlett-Avery & Squassoni 2006, pp. 1–5).

In contrast China and South Korea did not suspend cooperation with Pyongyang. China argued that its main goal was preventing the collapse of the North Korean regime, because a political collapse would lead to interruption of economic development in North Korea and—as a result—would bring thousands of North Korean refugees across the border into China. Additionally China may be interested in supporting the regime in Pyongyang to keep North Korea as a buffer zone between it and the US military in South Korea (Mayer 2004, p. 43). Therefore it was no surprise that questions have arisen on whether China would enforce the sanctions regime from trucks to ship and air trade. China did not stop North Korea-bound ships to conduct inspections for illegal weapons and missiles as the resolution requested (Chanlett-Avery & Squassoni 2006, p. 4).

South Korea vowed to support the UN resolution but simultaneously said it would not suspend cooperation with North Korea on the Kaesong Industrial Park and Mount Kumgang tourism site. Seoul did not specify whether it planned to expand Kaesong as scheduled. Indeed, Kaesong may be considered a ‘reform’ project, but Mount Kumgang must be criticized as no more than a way to bring money to North Korea (Choi & Lee 2006, p. 30). Both projects may be important for keeping intra-Korean cooperation active and preventing a collapse in North Korea which might induce a ‘big-bang-reunification’ with even higher costs than in the German case. Obviously the South Korean government fears such a development. Altogether it must be recognised that the interest in implementing the UN sanctions in North East Asia is limited.

North Korea’s Vulnerability to Economic Sanctions

Moreover, it is quite unclear how international sanctions can affect North Korea. The country is among the poorest and most isolated in the world, with limited global trade.
Table 3. Aid to North Korea by South Korea (USD million)

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</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td>232.00</td>
<td>3.05</td>
<td>26.67</td>
<td>11.00</td>
<td>28.25</td>
<td>78.63</td>
<td>70.45</td>
<td>83.75</td>
<td>87.02</td>
<td>115.12</td>
<td>123.88</td>
<td>140.35</td>
</tr>
<tr>
<td><strong>Private Sector</strong></td>
<td>–</td>
<td>1.55</td>
<td>20.56</td>
<td>20.85</td>
<td>18.63</td>
<td>35.13</td>
<td>64.94</td>
<td>51.17</td>
<td>70.61</td>
<td>141.08</td>
<td>88.66</td>
<td>38.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>232.00</td>
<td>4.60</td>
<td>47.23</td>
<td>31.85</td>
<td>46.88</td>
<td>113.76</td>
<td>135.39</td>
<td>134.92</td>
<td>157.63</td>
<td>256.20</td>
<td>212.54</td>
<td>178.75</td>
</tr>
</tbody>
</table>

*Note: *up to 31 may.

Source: Ministry of Unification (2006b).
For this reason many experts argue that sanctions are ineffective at changing the fundamental political goals of the regime in Pyongyang (Chanlett-Avery & Squassoni 2006, p. 3). But although North Korea remains one of the world’s most autarkic countries in terms of merchandise trade, the country’s exposure to the outside world is considerably higher when foreign aid or unconventional transactions are considered. From a balance of payments standpoint, in recent years North Korea derived approximately one-third of its revenue from foreign aid, one-third from conventional exports and one-third from unconventional sources (Noland 2006, p. 36). First of all, foreign aid to North Korea comes from the South. The South Korean government’s support for North Korea began with 150,000 tons of rice in 1995. It continued with the provision of fertilisers in 1999 as well as the launch of rice aid in 2000. Support was provided on a regular basis including direct support at government level and support directed through international organisations such as the World Food Programme and World Health Organisation. From 1995 to 2006 total aid from South Korea to the North amounted to USD 15.52 billion, as Table 3 shows (Ministry of Unification 2006b). The US also supported North Korea from 1995 to 2002 with foodstuffs worth more than USD 1 billion (Frank 2005b, p. 245).

The development of North Korean merchandise trade is also interesting to observe. While the level is still low, the volume has been increasing. For instance, in 2005 North Korea’s foreign trade volume is estimated to have surpassed USD 3 billion, compared with USD 2.860 billion in 2004. Especially the trade volume with China has increased. North Korea’s trade with China amounted to USD 1.5–1.7 billion, recording a 15% year-on-year increase rate (Ministry of Unification 2006b). In the energy sector North Korea depends mainly on China, which reportedly supplies about 70% of North Korea’s fuel (Chanlett-Avery & Squassoni 2006, p. 5). Also intra-Korean trade has recorded an average annual 20% growth rate, increasing from USD 425.15 million in 2000 to more than USD 1 billion in 2005. Exports from South Korea to the North increased at an annual rate of 21.3% on average while imports to the South grew at an average annual rate of 17.4%. The increases in trade are largely attributable to the development of the Kaesong Industrial Complex, because the ratio of trade related to this complex to total intra-Korean trade rose from zero in 2000 to 16.7% in 2005 (Ministry of Unification 2006a). Nowadays, intra-Korean trade accounts for one-fifth of North Korea’s overall trade volume (Lee 2005, p. 175). In contrast, since 2001 North Korean trade with Japan has been significantly curtailed due to worsening bilateral relations (Choi & Lee 2006, p. 27). Remittances come mostly from a community of ethnic Koreans living in Japan and increasingly from refugees in China, who may number 100,000 (Noland 2006, p. 36).

As a result, the negative economic consequences to North Korea that would result from fully implemented sanctions can be considered significant. But the economic shock that would be caused by sanctions might not be permanent or even politically debilitating to the regime. In 1998, immediately following Pakistan’s nuclear tests, the G-8 countries imposed economic sanctions which included the termination of bilateral development assistance and opposition to new loans through international organisations. Facing a balance of payments crisis, Pakistan implemented numerous austerity measures over the next month. The central bank devalued the rupee and introduced capital controls as well as a dual exchange rate. Nevertheless share prices on the stock exchange fell by 40%. However, less than two months after the nuclear test the US began to backtrack, exempting farm products from the prohibition on export credits to Pakistan and indicating that the US would not veto IMF funding for Pakistan out of fear of a political collapse. Japan followed the US lead. As a result the IMF and
Pakistan initiated negotiations over a rescue package. Six months after the test the US waivered sanctions with the exception of arms exports, and IMF as well as World Bank lending continued. As this example shows, in less than a single year Western countries had essentially backpedaled on most sanctions (Noland 2006, p. 37).

Of course, the parallels with North Korea are obviously imperfect, but the Pakistan case does suggest that sanctions imposed on a country may encounter both domestic and diplomatic motivations to ease such restrictions. With respect to North Korea, China and South Korea especially fear the possibility of a regime collapse. Both countries supported North Korea before the crisis and did not stop after it. Therefore the international sanctions have not been implemented by North Korea’s most important trade partners and aid donors. In addition, the regime in Pyongyang could expect a decline in willingness to implement the sanctions as time passed.

The Six-Party Talks Agreement of February 2007

Not surprisingly, the situation on the Korean peninsula changed immediately North Korea agreed to come back to the Six-Party Talks in November 2006. The Fifth Round of the Six-Party Talks started a few days later on 18 December. When the Third Session was held in Beijing among China, South and North Korea, Japan, Russia and the US from 8 to 13 February 2007 the parties ‘reaffirmed their common goal and will to achieve early denuclearisation of the Korean Peninsula in a peaceful manner and reiterated that they would earnestly fulfil their commitments in the Joint Statement’ (US Department of State 2007). North Korea promised to shut down the Yongbyon nuclear facility, inviting International Atomic Energy Agency (IAEA) personnel back to conduct all necessary monitoring. The North Korean promises were thus not very extensive or concrete. In return the US promised to remove the designation of North Korea as a state sponsor of international terrorism. Both North Korea and the US considered starting bilateral talks aimed at resolving pending bilateral issues and moving toward full diplomatic relations. Japan and North Korea also declared they would start bilateral talks aimed at taking steps to normalise their relations. All six parties agreed to cooperate in economic, energy and humanitarian assistance to North Korea, especially in provision of emergency energy assistance to North Korea in the initial phase of the agreement. During an initial period and the next phase—which includes provision by North Korea of a complete declaration of all nuclear programmes and disablement of all existing nuclear facilities—economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil (HFO) will be provided to North Korea. The initial shipment of emergency energy assistance equivalent to 50,000 tons of HFO was to start within 60 days. Last but not least, the six parties agreed on the establishment of five working groups to carry out the initial actions and for the purpose of full implementation of the statement (US Department of State 2007).

Some analysts have argued that the nuclear test was a desperate effort by the regime in Pyongyang to secure bilateral negotiations with the US. This argument assumes the willingness of the North Korean regime to eliminate its nuclear weapons programme (Chanlett-Avery & Squassoni 2006, p. 5). But as the Six-Party Talks Agreement shows, domestic and economic reasons are much more important for the Kim regime. To be sure, the nuclear test as well as the missile test in summer 2006 had technical and political motivations, but the main goal seems to have been to attempt to ensure the security of the regime and its economic independence. The regime needs economic, energy and humanitarian assistance from abroad to ensure its own political power in the country. The missile and the nuclear test can thus be understood as a new
‘Great Bluff’ in a ‘Poker Game’. Not surprisingly, in March 2007 the delegates from Pyongyang refused to take part in the sessions until USD 25 million in frozen North Korean funds were transferred. The North Korean regime was waiting for the return of the money from dozens of accounts at Banco Delta Asia, a bank in Macau US regulators accused of laundering money for North Korea in 2005 (Fan 2007). In early summer 2007 the chances for progress improved when North Korea promised again to shut down the Yongbyon nuclear reactor in July. South Korea contacted at least two refiners to supply the North with the 50,000 tons of fuel oil pledged to Pyongyang if the reactor is shut down (Reuters 2007). Finally, on 18 July the IAEA confirmed that all nuclear facilities at Young byon had been shut down (BBC 2007). The North Korean regime is taking advantage of the fears about its nuclear possibilities among its neighbours and the West, extorting economic and financial support from these countries to ensure its own existence.

Conclusion: the Future of the Economic Reforms

Making concrete predictions on the future of North Korea is extremely difficult. In 2002 it could be assumed that North Korea was moving toward more openness and economic reforms. It was arguable that policy adjustments were geared towards transforming the economic system through a combined orientation to gradual reforms and partial economic openness. The changes in North Korea’s economic management and operational measures showed similarities to the processes that other Asian transformation economies had gone through earlier (Lee 2004, pp. 14–15). Kim Jong-Il’s last non-official visit to Beijing, Wuhan and the growth centres in the South of China in January 2006 may encourage hope that the reform process in North Korea will continue. On the other hand the 2002 reforms may be seen as weak and insubstantial. They are only the latest in a long line of minor changes that have been introduced by the North Korean government. If we believe the policy changes are real and fairly significant, it must be pointed out that the reforms in North Korea have been introduced under pressure from extreme events, in particular the food crisis (McKay 2005, p. 93), or, as Magid (1999) has pointed out, the North Korean regime is ‘changing in order to stand still’.

What about the future of the reforms? What are the options for North Korea today after the nuclear crisis? Basically, a return to full-scale central planning certainly seems impossible, because North Korea lacks material preconditions such as cheap energy and a minimum of exchange on a socialist basis. The ‘survival economy’ of the people, largely a subsistence economy, can no longer be confined within state control (Seliger 2006c, pp. 69–70). But after the 2007 aid promises from South Korea and some other Western-orientated states, there must be a risk of reversion or slow-down of the reforms. By the Six-Party Talks Agreement North Korea obtained economic, energy and humanitarian assistance on a large scale. The donor-based survival strategy, namely, a combination of military threats and political advances to lure aid, and maybe even investment, into the country, was reactivated. North Korea has used this strategy successfully during the past decade, with changing focal points like the international donor community in the mid-1990s and, since 2000, South Korea as well as the always closely allied China. Especially South Korea, the former arch-enemy, can ironically now be called a last resort and strong pillar of the North Korean regime. But the larger the foreign aid, the less necessary are the domestic economic reforms. Moreover, the international economic sanctions prompted the regime in North Korea to revise both economic reforms and the process of opening. As the nuclear crisis heightened the threat
potential of the North, the military-first doctrine (‘Songun’) appeared to have been justified and party loyalty around the leadership was rallied (Seliger 2006c, pp. 69-70).

As a result, to find an optimal strategy to support the economic reforms in North Korea is quite difficult. On the one hand foreign aid to North Korea reduces the necessity of further reforms. On the other hand economic assistance under the framework of international cooperation is the most effective measure to encourage North Korea to reform its economy and improve foreign relations. This paradox argument is based on the idea that North Korea represents the conception of a contested monopoly. In the long run increasing contact with the international community is helping the once closed nation to realise the inherent shortcomings of its economic system (Frank 2003, p. 320). In addition intra-Korean trade and cooperation will improve the political situation on the Korean peninsula — still characterised by mistrust and suspicion. Better understanding of its southern counterpart may lead North Korea to focus on overcoming its protracted economic hardship, while stimulating the country in transforming its economic system into a more market-orientated and open economy (Lee 2004, p. 15). Opening to the South can become an especially hopeful step to overcoming the old regime in Pyongyang. The possibility of directly comparing living standards as well as the economic and political situation in the two parts of the country will inevitable lead people in North Korea to what the current leadership considers undesirable conclusions (Mayer 2004, p. 38).

Large-scale cooperation with North Korea is necessary. To support the intended as well as unintended results of the reform process the international community should encourage training in the fields of business and economics as a rational form of engagement. Training, inside and outside the country, builds trust and shows clearly the advantages of opening North Korea to the rest of the world (Seliger 2006c, p. 70). This strategy seems to be the only one to support the reform process in North Korea and to overcome the Kim regime in Pyongyang in the long run.

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