
Introduction

In the past century the Korean peninsula was conquered, colonized, partitioned, and devastated by civil war. While South Korea has emerged as an economic and political success story of the past 50 years, North Korea, repressive, truculent, and now nuclear-armed, stands as a political and economic anachronism in the midst of vibrant East Asia.

The attention showered on North Korea has focused largely on security issues. Pyongyang continues to drive high politics on the Korean peninsula and among the major powers in Northeast Asia. Much less energy has been focused on the internal economic and social changes that have occurred over the last two decades, changes with profound implications for the political future of the country, the prospects for economic reform, and the economic integration of the region. The reasons for this oversight are well known. Closed and opaque, North Korea poses profound analytic and informational as well as political and military challenges.

Yet an important resource on the changing political economy of North Korea remains relatively untapped. During the mid-1990s the country experienced one of the most destructive famines of the 20th century. As many as one million people—nearly 5 percent of the entire population—perished. One side effect of the famine, continuing food shortages, and political repression has been an ongoing exodus of refugees, primarily into China (see box 1.1). In addition to their heartbreaking stories of separation and survival, these refugees are witnesses to the deep and painful transformation of North Korea and thus a window into the country's future.

We approach the refugees using two lenses. First and foremost, they are an extraordinarily vulnerable population, and their current status and future prospects constitute a first-order humanitarian problem for the

Box 1.1 How many refugees?

In October 2010, South Korean Minister of Unification Hyun In-taek estimated there were 100,000 North Koreans in China (Yonhap News Agency 2010). However, the precise number of North Koreans who have exited their country remains highly uncertain.

First, the number of border crossings and the number of North Koreans who have left the country are sometimes confused. The number of border crossings is by definition an overestimate of the number who have actually emigrated. In our survey conducted in China, 1 percent of the respondents preferred returning to North Korea permanently. However, many North Koreans temporarily return to North Korea, typically carrying money. Others have been forcibly deported.

Courtland Robinson (2010) has made the most systematic attempt to count North Korean refugees through a network of community contacts in the border region. He estimates that the number of refugees in China has dramatically declined since the peak of the famine and that in 2009 between 5,000 and 15,000 North Koreans were residing in the three Chinese provinces constituting the border region.

However, China does not allow North Koreans to seek asylum. As a result, North Koreans seeking to leave China do so via third countries such as Thailand, Vietnam, or Mongolia, and by definition exit the border region and drop out of this reporting network as a result. North Korean secret police and Chinese law enforcement agencies have reportedly cooperated in hunting down North Korean refugees throughout much of China, focusing on routes of escape to Indochina, as well as cities such as Guangdong, where ethnic Korean-Chinese may be hiding refugees (Asahi Shimbun 2010).

Apart from those attempting on-migration via third countries, significant numbers of North Koreans appear to be pooling in areas beyond the border region. With the Chinese economy growing robustly, Chinese attitudes toward illegal Asian migrant workers are relaxed, and North Korean counterfeiters are reportedly forging identity documents necessary to work in China (Carothers 2010, Good Friends 2010). The Committee for Human Rights in North Korea (2009) reports evidence of North Koreans in the sex industry in Shandong province, where there is a South Korean investment presence.

In principle, one could use North Korean censuses to extract an estimate of departures. But the published numbers are unreliable. In any event, substantial uncertainty surrounds how many people died in the 1990s famine, which sparked the surge in emigration.

How many refugees? Probably fewer than 100,000. But this number is nothing more than an educated guess.

international community. The Chinese government has refused to recognize those crossing the border from North Korea as refugees (terming them instead “economic migrants”) and has forcibly repatriated those apprehended back into the hands of North Korean authorities. North Korea is a party to the International Covenant on Civil and Political Rights, which states unambiguously that “everyone shall be free to leave any country, including his own” (Article 12 (2)). However, North Korean law does not conform to this obligation. Those who “illegally” cross the border or help others to do so face stiff penalties on their return, ranging from incarceration in labor camps to the death penalty. Vulnerable to apprehension and incarceration by both Chinese and North Korean authorities, the refugees face the difficult choice of returning to North Korea, surviving at the margins of Chinese society, or taking on the risks of entering an emergent underground railway. These emerging networks seek to smuggle refugees across China to exit via air or sea or over land through Mongolia or Southeast Asia to permanent resettlement in South Korea or other countries.

The experiences of the refugees raise a number of important research and policy questions. Why and how exactly do the refugees leave? To what extent are they motivated by political as well as economic considerations? What are the sources of vulnerability in China, including not only fear of arrest but also the uncertainty of work and living arrangements and risks of outright abuse? Do refugees intend to remain in China, return to North Korea, or migrate to a third-country destination, and if so, where would they prefer to go?

An ongoing concern with all refugees is their ability to integrate into host countries, even when conditions are nominally hospitable. A growing literature on the acculturation of refugees in South Korea suggests that these problems are particularly profound in the case of North Koreans (Lankov 2006). Educated in a highly authoritarian and economically decaying state socialist system, North Koreans clearly have remarkable survival skills. Nonetheless, they may or may not possess the skills required to navigate an advanced industrial democracy even where the language barrier is (at least partially) neutralized, as in South Korea.

A particular problem is the psychology of the refugees; this human dimension of the refugees’ plight is a recurrent theme in refugee testimony. These refugees suffer from anxiety and depression associated with the uncertainty of their circumstances and the loss of ties with North Korea. Yet we also find an enduring imprint of the traumas suffered in North Korea itself such as witnessing the starvation of family members or abuse at the hands of state authorities. These psychological problems resemble post-traumatic stress disorder in their severity and constitute an additional burden to successful assimilation.

A second reason for interest in the refugees is the more instrumental one already noted. North Korea is a notoriously closed society that not

only seeks to control the flow of information into the country but exercises tight control over information flowing out as well. It is nearly impossible to conduct direct research on any aspect of North Korea. One exception—on which we and other researchers draw extensively—is data that international organizations and nongovernmental organizations (NGOs) have been allowed to collect, primarily on the food economy and to a lesser extent on public health and nutrition.¹ A second important exception consists of reports provided by South Korean NGOs, think tanks, and media that have cultivated networks of informants within North Korea.² These networks provide information ranging from data on market prices to local stories on current economic, social, and political conditions. These accounts are invaluable, yet they naturally suffer from the tremendous constraints placed on such information gathering and may be susceptible to other biases in coverage as well.

Memoirs, such as Kang Chol-hwan's harrowing *The Aquariums of Pyongyang*, and interviews with refugees thus provide an important window into life in North Korea, although this population is vulnerable to its own biases as we will discuss in more detail below. Such interviews may be more open-ended, including oral histories (Demick 2009, Hassig and Oh 2009, K. D. Lee et al. 2008, Lankov and Kim 2008), or take the form of structured surveys that permit statistical analysis of responses (Y. H. Lee 2007; Kim and Song 2008; K. D. Lee et al. 2008). This study takes the latter approach, drawing on two surveys, the first of 1,346 refugees living in China conducted from August 2004 to September 2005 and the second of a smaller sample of 300 refugees conducted in South Korea in November 2008.

The questions that might be asked of refugees are boundless, ranging from features of everyday life to their perceptions of the society, polity, and economy as a whole. We have necessarily taken a focused approach, looking primarily at economic and political issues. How did households adjust to the collapse of the socialist economy in the wake of the great famine? Did the massive humanitarian relief effort, primarily in the form of food aid, have effect? How did households adjust to the government's

1. For example, the UN Food and Agriculture Organization (FAO), at times jointly with the UN World Food Program (WFP), publishes special reports on crop and food assessment in North Korea. This was done continuously from 1995 to 2004 and most recently in late 2008. We also have access to assessments carried out by the WFP and a consortium of US NGOs in conjunction with the large-scale aid program finalized in 2008 (Anderson and Majarowitz 2008, WFP 2008). The American NGOs evaluated conditions in two provinces in the northwest, North Pyongan and Jagang, while the UN agencies were responsible for evaluating conditions in the rest of the country.

2. In particular, we and other researchers are indebted to Good Friends' Research Institute on North Korean Society, which produces *North Korea Today*, the newspaper *Daily NK*, the Network for North Korean Democracy and Human Rights' *NK In & Out*, and *Open News for North Korea*.

tentative approach to economic reform and its subsequent reversal after 2005?

Probing the nature of the political system is more complex. The authoritarian nature of the North Korean regime makes many of its core features opaque not only to outsiders but to most North Korean citizens as well. Nonetheless refugees can provide important insights into crucial issues such as attitudes toward the regime and its performance, the perceived prevalence of dissent, the strategies of the government in dealing with it, and what North Koreans think about the future of the political system, including reunification with the South.

This study is divided into four core chapters: the refugee experience itself (chapter 2); refugee insights into the economic transformation of the country, including the emergence of a de facto market sector (chapter 3); the state's increasing criminalization of this economic activity and the growing role of the country's sprawling penal system as an instrument for punishing economic crimes (chapter 4); and political attitudes and the prospects for dissent (chapter 5). In the remainder of this introduction, we outline briefly the evolution of the North Korean economic and political system in order to provide the context for the survey results we report. A second section discusses the nature of the surveys themselves as well as some of the well-known pitfalls of relying on refugee data.

The Political Economy of North Korea, 1990–2010: A Brief Introduction

All of the refugees surveyed left North Korea after 1990. However, these 20 years mark a particularly tumultuous historical period for the country, encompassing a major famine, a leadership transition from Kim Il-sung to his son Kim Jong-il, and a period of cautious economic reform and opening from 1999 to 2002. The high point of this reform interlude was the North-South summit of 2000 between Kim Dae-jung and Kim Jong-il and the initiation of a major package of economic policy changes in 2002. These developments were quickly followed by the onset of the second nuclear crisis in 2002 and a period of “reform in reverse” beginning in 2005, punctuated by the recurrence of acute food shortages in 2008, political uncertainty associated with Kim Jong-il's health, and a disastrous currency reform at the end of 2009.

Economic Developments I: Marketization from Below

Beginning in the mid-1980s, external shocks associated with deteriorating relations with the Soviet Union and the subsequent dissolution of the Soviet Union and the Eastern Bloc contributed to the implosion of North

Korea's industrial economy.³ Deprived of industrial inputs, agricultural yields and output went into a secular decline. The government's response was to suppress consumption, initiating a "let's eat two meals a day" campaign in 1990 and cutting rations delivered by the public distribution system, the quantity rationing system from which urban residents, roughly two-thirds of the country, obtained their food.

It was not until the spring of 1995, with the famine already well under way, that North Korea appealed for external assistance. Aid was rapidly forthcoming, although the government impeded the normal assessment, monitoring, and evaluation functions of the relief organizations and thus no doubt undermined its effectiveness. Estimates vary widely, but the most sober academic research suggests that between 1994 and 1998, the famine killed 600,000 to 1 million people, or roughly 3 to 5 percent of the precrisis population (Goodkind and West 2001, S. Lee 2003). Certain groups and geographical areas, particularly the three northeastern provinces, were disproportionately affected and as a result probably generated the bulk of the country's refugees. Yet, although the famine had differential effects across regions and political and social strata, it was in the end a truly national trauma; virtually no segment of the population outside of the top elite completely escaped its effects. Pyongyang and the lower levels of the military and party were by no means spared from the tribulations of this so-called arduous march period.

With the state unable to play its traditional role as a provider of food, the socialist social contract broke down and households had to rely on their own efforts to secure food. As in all famine settings, our surveys show that households relied on a range of coping strategies, including increased informal work effort, compressed consumption, barter, foraging, remittances from relatives in the countryside, and purchase of food on emerging markets (chapter 3). Local institutions were also left to fend for themselves; government, party, and military entities and other work units resorted to these coping behaviors too, including barter and eventually monetized trade to secure food and other inputs.

The marketization that began with food gradually encompassed a broader range of goods and activities. Market activity built in part upon officially sanctioned farmers' markets and cottage industries, which were permitted from the mid-1980s to compensate for the shortage of consumer goods. But the market quickly encompassed forced sales of household items by liquidity-constrained households and gray-area activities by local government and party officials and enterprise managers, including the exploitation and stripping of state assets. There is evidence that the military as well as state and party functionaries were involved in this spontaneous marketization and decentralization process; indeed, precisely because of

3. This section draws on Haggard and Noland (2007) on the famine and its aftermath and Haggard and Noland (2008) on the evolution of the external sector.

its existing organization and resources such as trucks and fuel, the military was ideally situated to perform the role of middlemen distributors.

These crisis-driven adaptations resulted in considerable decentralization of both the agricultural and industrial sectors, with local political authorities and managers playing a more important role. The loosening of the central distribution mechanism was manifested in an increase in direct sales outlets, where these ventures sold directly to the public at noncontrolled prices, but both formal and informal markets also operated.

Given that many of the market activities that we can identify were technically illegal, corruption was also an inevitable concomitant of the process. Diversion of food aid during times of shortage yielded incredible rents, but our surveys show that corruption went far beyond the food economy to the operation of the entire market sector.

An important aspect of this “marketization from below” was an unprecedented level of internal movement. The government has long controlled internal movement as well as emigration. However, as standard distribution channels for both final goods and intermediates broke down, people and work units went on the move. The system fraying was sufficiently large that the state established an ad hoc penal system to handle the surge in criminalized coping behaviors, including internal movement for foraging and trade, as well as exit from the country (Noland 2000, Natsios 2002, Hawk 2003); we provide detailed survey evidence of this system in chapter 4.

It is difficult to quantify the scope of this marketization process over time, though one Western firm operating in North Korea during the 1990s estimated that as early as 1994 the unofficial economy was already nearly one-quarter the size of official output (Michell 1998). The one area where we can document the magnitude of the informal economy with a somewhat narrower margin of error is the food economy; this has been done in part by aggregate balance sheet exercises, such as those undertaken by us in Haggard and Noland (2007), which attempt to estimate the share of consumption that is likely to come from the market. Yet it is also partly confirmed by household focus group interviews conducted by the World Food Program (WFP) in North Korea. The general conclusion of this work is that at least for the nonprivileged classes, the market became the primary institutional mechanism for securing food in the late famine period and has continued to play that role since. Results reported in chapter 3 suggest that the public distribution system broke down rapidly in the early 1990s and that a significant number of households came to rely entirely on the market for food, with more than 40 percent of the respondents in the South Korea survey responding as such. Conversely, nearly half (46 percent) of the South Korea survey respondents indicated that all of their income was derived from market activities.

The implications of the famine spilled over into the external sector as individuals crossed the border into China, both on a more permanent

basis and in order to trade. During the famine North Korea's trade with China increased, consisting of a complex mix of central government aid, more localized humanitarian efforts on the part of Korean-Chinese, and an expansion of barter and commercial trade. Famine-era exports included raw materials and foodstuffs that could be easily harvested, gathered, or fished, such as logs, mushrooms, or marine products. Imports from China came to include not only capital and intermediate goods associated with the official trade but also consumer goods and food that subsequently fed the emerging market economy. South Korea's trade also grew rapidly following the political thaw of the 2000 summit but was largely confined to a handful of enclave projects (the Mt. Kumgang tourism project and the Kaesong Industrial Complex).

The onset of the nuclear crisis in 2002 gave an unintended boost to North Korea's ties with China's booming economy. The crisis generated multilateral sanctions, an effective Japanese embargo, and US financial sanctions. In combination these developments had the unintended effect of linking North Korea more closely with China (Haggard and Noland 2010a). By 2010, North Korea's trade with China accounted for over 40 percent of the country's total trade.

Economic Developments II: The State Responds

The North Korean regime's response to this "marketization from below" and increasing economic openness was both slow and ambivalent. During the peak of the famine and its immediate aftermath, the regime had little choice but to tolerate this new sphere of activity. It even decriminalized some of the market activities that had sprung up during the famine, for example, by permitting the growth of controlled markets.

By 1998, the economy had bottomed out and a slow process of recovery took hold. A variety of signs—including political ones that we take up below—suggested a willingness on the part of the government to tolerate the market and to undertake reforms. In July 2002, the government initiated a package of reforms that, while flawed in important respects, appeared unprecedented (Noland 2004). In the agricultural sector, the government introduced some incremental changes in the cooperative system to increase incentives for individual effort, for example, by narrowing the size of work teams so that they corresponded more closely to families and by regularizing access to private plots (Nam 2007). In the state-owned enterprise sector, managers were given somewhat greater discretion. However, as we show in chapter 3, these reforms had much less dramatic consequences on the ground than initial assessments suggested. One of the more striking findings of our surveys is just how little these purported reforms affected either the well-being of households or the operations of work units.

One objective of the reform was to change relative prices and wages

in an attempt to align them with underlying scarcities. Food prices were increased sharply in an effort to reduce the extent of government subsidies and to encourage production. Certain classes of favored workers also enjoyed larger wage increases than others. But the North Korean reforms did not simply alter *relative* wages and prices; they also raised the overall price *level* by roughly 1,000 percent. Our interpretation is that this feature of the reform targeted the class of traders and black marketeers that had sprung up since the famine. Since traders maintain large cash holdings to run their businesses, the huge jump in the overall price level destroyed working capital; in this regard, the government-engineered change in the price level in 2002 foreshadowed the reversal of reform that was to follow and in retrospect bears a certain resemblance to the 2009 currency reform.

Quite apart from this one-off increase in the price level, the mishandled policy changes set off a more general inflation. North Korea experienced ongoing inflation estimated at well in excess of 100 percent a year in the three years following the July 2002 policy changes. Rapidly rising prices and deteriorating real incomes—even though the result of the design of the reform package—no doubt colored the regime’s subsequent approach to economic policy.

Beginning in 2005, the government began to abandon the reforms and revert to more direct controls to revive the socialist sector, limit the sphere of private activity, and control inflation. This coincided with the elevation of Park Nam-ki to the position of economic policy director of the Korean Workers’ Party, akin to finance minister, who allegedly vowed to end the “capitalist fantasy.” An early indication of this new direction was the decision in August 2005 to reinstate the public distribution system and to ban private trading in grain. This was accompanied by anecdotal reports from the agricultural cooperatives of grain seizures in contravention to the existing rules over the distribution of output. At the same time the government was intervening in both the demand and supply sides of the grain market, it threatened to expel the foreign official and nongovernmental aid agencies that had maintained a presence in the country for a decade. In the end the government backed away from its expulsion threat, but the scope of operations of the relief groups was greatly curtailed, foreclosing an important source of information at a critical moment.

As in the past, the ability of the government to close markets and revive the state-administered food distribution system varied across the country, and eventually the government was forced to quietly shelve the policy. But such moves intensified again in the wake of floods in 2006 and particularly in 2007. The government increased production quotas on cooperative farmers, including through exactions earmarked for the military, cracked down on “embezzlement” and “corruption” on the part of cooperative managers, and placed new restrictions on private plots and cooperative leasing of land to redirect effort back into cooperative work.

Besides the weather and global price increases, this reversion to state controls no doubt played some role in the rapid inflation in food prices in 2008 and the most serious shortages since the famine of the mid-1990s (Haggard and Noland 2009a).

The postreform effort to reassert control over the market has not been limited to the food economy but has included a wider assault on market activity. The antimarket campaigns began with the imposition of escalating age restrictions on market traders in the fall of 2007, ultimately banning women under 40 from trading in general markets. From mid-January 2008 the government stepped up inspections on the general markets, or *jangmadang*, in an effort to control the range of goods offered and in late 2008 signaled that these markets would be allowed to open only once every ten days. In 2009, it revised the laws on economic planning, overturning reforms introduced in 2001 and 2002 and codifying top-down planning (IFES 2010). The reactionary tenor of government policy was probably most vividly represented by a revival of the 1950s Stalinist “Chollima” movement of Stakhanovite exhortation and the initiation of “speed-battle” mobilization campaigns.⁴

On November 30, 2009, the government introduced a surprise confiscatory currency reform aimed at crushing market activity and reviving orthodox socialism (Haggard and Noland 2010b). The regime was not coy about its intent to undercut the market and reconstitute the state socialist sector; these policy changes bear no resemblance to reform socialism. Earlier in August, North Korean leader Kim Jong-il’s sister, Kim Kyong-hui, telegraphed the move in an essay extolling the superiority of central planning over the market and, consistent with the changes in the planning laws, even trashing the notion of giving enterprise managers greater autonomy in the context of a socialist economy. This basic motive—to crush the market and strengthen direct state control—was confirmed by central bank statements immediately after the reform.

The move set off chaos, precipitating civil disobedience and sporadic protests. These actions appear to have been relatively small and uncoordinated, but they led to haphazard backtracking on the part of the regime. An important party directive issued in May 2010 acknowledged that the government could not solve the food problem and that officials should allow retail markets to reopen, citizens to hold foreign exchange, and firms engaged in cross-border trade to operate more freely.

Park, the policy’s reputed architect, and Premier Kim Yong-il even delivered a historically unparalleled apology to state officials and party cadre in February 2010.⁵ While the signal of greater accountability could be

4. Not all the news was bad: One of the most obviously positive developments was the establishment of limited cell phone service via investment by an Egyptian firm, Orascom (Noland 2009a).

5. Kim subsequently resigned his position. Park’s fate is less clear: According to various

welcomed, the subsequent scapegoating of Kim and Park may have been related less to the particulars of the currency conversion than to its self-inflicted nature. The “reform” was nakedly inconsistent with the regime’s ascription of economic difficulties to foreign “hostile forces.” Moreover, the currency conversion had potentially damaging implications for the hereditary succession because of the putative identification of the policy with Kim Jong-il’s third son, Kim Jong-un. Yet to underscore the oddity of the situation, despite the fact that the reform was the year’s single biggest economic event, it went unmentioned in the 2010 New Year’s Day joint editorial of official publications, traditionally the cornerstone announcement of government policy, something akin to the State of the Union address.

The regime’s recent resort to controls has also extended to cross-border trade, which poses profound challenges to the North Korean leadership. When economic circumstances deteriorate, the incentives rise to move into China either permanently or in search of business opportunities and food. Informal trade channels became important means of earning foreign exchange and financing much-needed imports. This movement and trade eroded the government’s monopoly on information about the outside world. Cross-border trade has also come to include an array of communications and cultural products that directly undermine the government’s monopoly on information: from small televisions capable of receiving Chinese broadcasts in border areas to South Korean videos and DVDs and even mobile phones. In chapter 5, we show that the availability of foreign sources of information, at least to refugees, was quite high and even tight controls did not completely deter it. In response to these developments, the government appears to be attempting to execute a highly controlled opening in which North Korean state organs would engage in cross-border commerce with China, but activities not controlled by the state would be quashed.

The most dramatic signal sent by the regime was the 2008 public execution of 15 people on charges of trafficking. But sentences have also been increased; single border crossings not related to South Korea or having political overtones that were previously overlooked now carry sentences of three years, with those found guilty of multiple crossings—even if not political—receiving sentences of up to ten years. More generally, we show in chapter 4 that the government stepped up punishments across the board for market-related activities, including but by no means limited to border crossing.

Government meddling and controls have even extended to two important showcase projects with South Korea. In 2009, the Mt. Kumgang tourism project was shut down after a North Korean guard killed a South Korean tourist. After negotiations failed to assure the South Korean

reports he is rumored to have been sent to a reeducation camp (along with his family), died while being interrogated, or been publicly executed.

government that such incidents would not recur, North Korea simply announced that it was seizing South Korean assets at Mt. Kumgang. Beginning in the fall of 2008, the regime also initiated a series of confrontations over the Kaesong Industrial Complex, including efforts to unilaterally adjust existing contracts and what amounted to a hostage-taking episode involving a South Korean manager.

In sum, the arc of economic development in North Korea over the last two decades begins with the external shocks of the early 1990s and the famine of mid-decade. These developments unleashed a vibrant process of marketization, which the regime initially accommodated to some extent. However, the government's support of these changes proved tentative and cautious, probably because of concerns about loss of economic and social control. After 2005, we find evidence of a gradual turn away from reform toward reestablishing the state socialist sector, albeit with limited success.

Political Developments: The Dynamics of Authoritarian Rule in North Korea

The course of these economic developments is quite closely linked to features of North Korea's political system. The authoritarian nature of the North Korean political system has been well documented, and much of its standard characterization reflects important truths.⁶ In 1955, founding leader Kim Il-sung proclaimed *Juche*, the national ideology. Typically translated as "self-reliance," North Korean ideology in fact combines a number of elements—extreme nationalism, Stalinism, Confucian dynasticism, even myths of racial purity—into a complex mix. The political order has also exhibited a high degree of personalism. Kim Il-sung was deified as the Great Leader and similar efforts have been made to canonize his son, Kim Jong-il (Dear Leader), who assumed the reins of political power when his father died in 1994.

Personalism was combined with an extreme, even caste-like social regimentation. The government classified the population—and kept dossiers on them—according to perceived political loyalty ("reliable," "wavering," "hostile") and even the political and social standing of parents and grandparents, as discussed further in chapter 2. The share of the citizenry deemed reliable is relatively small, on the order of one-quarter of the population, with a core political and military elite of perhaps 200,000, or roughly 1 percent of the population. As our surveys show, these political classifications continue to have implications for life chances.

The country is characterized by a complete absence of standard political freedoms or civil liberties. Independent political or social organiza-

6. Recent accounts from different perspectives include Hassig and Oh (2000), Cumings (2003), Lintner (2005), and Myers (2010).

tions are not weak in North Korea; they are virtually nonexistent. Any sign of political deviance, from listening to foreign radio broadcasts to singing South Korean songs to inadvertently sitting on a newspaper containing the photograph of the leader, can be subject to punishment. An unfortunate finding of our surveys is that the repressive apparatus, buttressed by a sprawling penal system, has in fact been quite effective at holding collective action, and even private expressions of discontent, at bay (chapter 4).

The regime maintains a network of political prison camps estimated to hold anywhere from 100,000 to 200,000 or more political prisoners. Death rates in these camps are high, and torture is practiced. Survivors' testimony suggests an extraordinarily high incidence of public executions, torture, and other forms of abuse, most notably deprivation of food and basic medical care. Yet as we show in some detail in chapter 4, the extent of the penal system is by no means exhausted by the infamous concentration camps. Given the authoritarian and state socialist nature of the system, the concept of crime—including economic crimes—is quite expansive. In addition to penitentiaries and jails designed to incarcerate criminals, a second network of smaller extrajudicial detention centers developed as an ad hoc response to coping behavior at the height of the famine, including unauthorized internal movement and crossing into China. Over time this system has become institutionalized, and refugees detained by it reported levels of abuse that appear similar to those experienced in the political prison camps.

Personalism does not imply the absence of functioning institutions, as is the case in some autocracies. Personal rule was historically supported by the Korean Workers' Party. From the late 1990s, however, the regime has relied more heavily on the military, the military-industrial complex, and the internal security apparatus. Extreme militarization has become an increasingly distinctive feature of both the political and economic systems, a particular feature of North Korean communism that has resulted from both external and internal developments.

Viewed with the benefit of hindsight, the division of the peninsula has proven surprisingly stable; the disaster of full-scale war has been avoided. Yet underneath this apparent stability is a history of sustained military competition, arms buildups, and recurrent crises. By standard statistical measures such as the share of the population under arms or the share of national income devoted to the military, North Korea is the world's most militarized society (Noland 2004, Bechtol 2007). The bulk of its million-strong army is forward-deployed along the demilitarized zone separating it from South Korea, a highly destabilizing military configuration.

In addition, the regime has periodically pursued a nuclear option and has sustained a well-developed missile program. These efforts have had the predictable effect of generating tension between North Korea, its neighbors, and particularly the United States, which in turn has complex domestic political ramifications in North Korea. Following a nuclear crisis in 1992–94, North Korea reached an agreement—the Agreed Framework—

that stabilized the country's external relations. The advent of the Kim Dae-jung government in South Korea also provided the foundations of détente on the peninsula. These developments, which overlapped with the onset and immediate aftermath of the famine, provided the external political foundations for the tentative reforms of the late 1990s and early 2000s.

Yet in 2002, American intelligence revealed that North Korea had sought to enrich uranium, setting in train an escalating conflict over the country's nuclear ambitions that remains unresolved to this day. Despite the creation of a multilateral process, the so-called Six Party Talks, North Korea effectively "broke out" of the nonproliferation regime by testing nuclear weapons in 2006 and again in 2009.

As external pressure on North Korea intensified under the George W. Bush administration, it triggered intense debates over economic priorities as well. Should the reforms be pushed forward or did the hostile external environment require a greater focus on building up the military-industrial complex (Carlin and Wit 2006)? These debates appear to have intensified following the imposition of sanctions beginning in 2005 and to ultimately have been resolved in favor of hardliners.

Yet the increasing role of the military and security apparatus in North Korean politics is not simply a result of self-imposed external constraints; it also reflects important internal dynamics that pre-date the second nuclear crisis. Partly as a result of his efforts to consolidate political control following the death of his father, Kim Jong-il naturally turned to the military as a key base of support. In 1998, he unveiled a new ideological doctrine of *Songun* or "military-first" politics that looked to the military not only as a central political institution but as a model of political and social discipline as well (Koh 2005). The perceived need to maintain internal security during the famine and the effective collapse of the state socialist sector no doubt also played a role. Our surveys reveal widespread perceptions that the military is favored, for example, in the distribution of food.

Beneath this picture of surprisingly durable authoritarian rule are important political subcurrents that we seek to explore through our surveys. Evidence of outright dissent is limited, and our surveys confirm the perception that such activities are limited and extraordinarily costly (chapter 5). Yet we can document increasing cynicism about the regime, particularly in the form of information on how North Koreans seek to get ahead through market-related activity. We are particularly interested in the de facto decentralization of the political economy: the extent to which work units, their managers, and workers are decoupled from the fraying central planning process and thus left increasingly on their own. Even though this process of decentralization does not constitute a frontal political challenge to the regime, it has unexplored consequences for the ability of the regime to continue on the state socialist path, for example, in the possible emergence of an independent "space" surrounding illicit market

activity. The antireformist backlash of the post-2005 period is by no means the last chapter in North Korea's evolving political economy.

Using Refugee Surveys: Sample Characteristics and Caveats

This study is based largely on two refugee surveys, although we have supplemented them with consideration of a number of others conducted by other researchers. The two surveys, while providing considerable information about both the refugees and life in North Korea, have some obvious limitations.⁷

Given that the two surveys are samples of convenience, they pose particular problems of inference. They do not constitute a random sample with respect to the refugee population. Neither we nor anyone else knows the underlying characteristics of that group in China, and while the South Korean government maintains data on the refugees, little are made public. Each sample might have been subject to idiosyncratic forms of bias as well. The characteristics of those who were able to get to South Korea might have been somewhat different from those who remained in China, for example, in having more developed networks, placing a higher value on political freedom, or having more marketable skills.

More generally, those who did not respond to our questions may be different from those who did. Nor do we have any way to control for the veracity of responses. For example, our collaborators in South Korea noted that North Korean refugees are prone to exaggerate their education, the jobs they held in the North, and their *songbun* or "official social status." Some respondents might also have misrepresented their ages since older defectors are known to face employment discrimination.

A second and arguably more important problem of inference has to do with our ability to draw any conclusions from refugee surveys about the wider North Korean population. If the refugees are unrepresentative, why do we believe that they can be used as a source of evidence for what is going on in North Korea? In one important sense, this criticism is unavoidably true; refugees are distinctive. However, there are techniques for controlling for at least some sources of this variation by comparing the distribution of known characteristics of the sample with the distribution of those characteristics in the North Korean population as a whole. We can even use these independent sources of information on the North Korean population to generate counterfactual projections of results from the refugee sample for the remaining resident population based on estimated statistical models.

No matter how careful we are in seeking to control for various demo-

7. More detail on the surveys and underlying methodology is provided in appendix A.

graphic characteristics of the population, however, there are undoubtedly some unobservable ways in which refugees are different from their compatriots. Some of these characteristics almost certainly introduce bias, or what social scientists call a selection problem. First, the refugees are characterized by a particular level of disaffection with the regime. Refugees are not typically a good barometer of political attitudes in their home countries; their views of politics are usually colored by resentments associated with the loss of power, status, and wealth. These factors are particularly potent with respect to exiled elites, as refugee communities from the White Russians in Paris to the Miami Cubans have demonstrated.

Even this problem is not altogether intractable, however. For example, we can control for possible sources of disaffection *ex post* just as we control for demographic and other markers by drawing on experiential factors on which we have evidence from the surveys, such as refugees' experiences during the famine or at the hands of political authorities. Nonetheless, it is difficult if not impossible to completely overcome the selection problem and associated sources of bias, such as the tendency to project their views onto others. For example, it is almost certainly the case that the refugees are characterized by some unobservable characteristics that set them apart from their compatriots, such as the willingness to take risks or some particular source of disaffection with the regime.

A final methodological problem we should note has to do with the history we have elaborated above. All survey research is plagued by the volatility of human opinion. We would expect this to be particularly the case where individuals are exposed to withering shocks: famine, food shortages, abrupt changes in policy, detention, and arrest.

To some extent, however, we actually benefit from the fact that major shocks, such as the famine, had very widespread effects, and we can control for others by asking questions about personal experiences. For example, we have divided the sample in various ways by time of departure. In analyzing the 2008 South Korea survey, we consider differences between pre- and post-reform subsamples, with those leaving in 2003 and after as the "postreform" group. For other purposes, we have divided the pre- and post-reform groups into two groups each, generating a total of four subperiods based on time of departure from North Korea: the famine era (those who left in 1998 or before, 25 percent of the sample), the immediate postfamine period (1999–2002, 25 percent of the sample), the reform period (2003–05, 35 percent of the sample), and a retrenchment group (2006 and after, 15 percent of the sample), during which some of the earlier reforms appear to have been reversed. These differences in time period cannot be treated as the equivalent of a "treatment effect" with respect to the events outlined. Nonetheless, the differences do provide some interesting insights into both continuity and change in the North Korean political economy.

In short, *caveat lector!* There is a long tradition of using refugee

surveys to get information on closed societies, most notably with respect to the Soviet Union and China.⁸ Those doing such work are probably more aware of the limitations of this work than its consumers. Nonetheless, we believe strongly that with appropriate caveats, we can learn interesting things by listening to the refugees. Testimony in the form of memoirs and unstructured interviews is much more elegant than what we present here, but structured surveys can also add value, particularly since they do allow us to control for at least some possible sources of bias.

8. Large-scale refugee interviews on the Soviet Union began with Bauer, Indeles, and Kluckhohn (1956). See also Gregory Grossman's work on the "second economy" in the Soviet Union, including efforts to measure incomes from it (Grossman 1977, 1988), Gur Ofer and Joyce Pickersgill's use of emigrant families to analyze Soviet household economics (Ofer and Pickersgill 1980), and the large number of papers released under the auspices of a Berkeley-Duke program on the Second Economy in the USSR between 1985 and 1993. Jerome Cohen (1968) explored the early judicial process in postrevolutionary China through refugee interviews. For a review of other early survey efforts with respect to China, see Wong (1968).

