

Changes in North Korea as revealed in the Testimonies of Saetomins

by Lee, Kyo-Duk
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Korea Institute for National Unification

Printed: June 2008

Published: June 2008

Place of Publication: Korea Institute for National Unification
Publisher: President of Korea Institute for National Unification

Registration No.: 2-02361 (April 23, 1997)

Address: 4.19(Saingu)-Gil, Gangbuk-gu, Seoul 142-728, Korea

Telephone: 82-2-900-4300; 82-2-901-2529

Fax: 82-2-901-2547

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Publications of Korea Institute for National Unification are available at major bookstores. Also, contact the Government Publication Sales Center: Tel: 82-2-734-6818 or 82-2-394-0337.

ISBN 978-89-8479-458-0 93340

Changes in North Korea as revealed in the Testimonies of *Saetomins*
/ By Lee, Kyo-Duk, Lim, Soon-Hee, Cho, Jeong-Ah, Lee, Gee-Dong,
Lee, Young-Hoon -- Seoul: Korea Institute for National Unification, 2008
p. ; cm. -- (Studies Series ; 08-05)

ISBN 978-89-8479-458-0 93340 : Not For Sale

340.911-KDC4

320.95193-DDC21

CIP2008002194

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The analyses, comments and other opinions contained in this monograph are those of the author and do not necessarily represent the views of the Korea Institute for National Unification.

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I . Introduction

Since the mid-1990s, one of the most significant changes in North Korea has been the way in which the hitherto tight control over society is slowly being loosened, mainly due to the economic crisis and official corruption. Many people cross the border with China and wander within the country because of the ongoing economic hardships and they do so with the tacit approval of government officials. The simple aims of people maintaining their livelihoods and wealth creation have decriminalized this cross border travel to a great extent. Government control over the people is, thus, not as strong as it was before.

It is a matter of some controversy as to whether North Korea, at present, is truly changing. The controversy is based on differences in understanding and standpoints of the concepts, scope and extent of change considering what the actual changes are and what should be considered as significant changes. With so many varying perspectives at play, it will not be easy to settle these controversies.

In order to deal with these controversies, changes in North Korea

and even North Korean studies should be developed so as to enable scientific and systematic changes to be ‘explained’ and ‘predicted’. Furthermore, they need to be supported with sufficient materials to fully cover the subjects being studied thought given to the pertinent study method best employed.

It is, however, close to impossible for South Korean and foreign researchers to have an opportunity to visit North Korea and to be present in the country to collect data and conduct research on the study areas concerned. The primary data for researchers is insufficient to carry out the research and most of this data is not reliable to use even if North Korean publications and the media could be used as primary source material.

As the regime increases contact with the outside world, the difficulties in researching North Korea becomes less burdensome, but initial challenges such as a lack of data, limitations on collecting data, and questions regarding the data’s credibility still remain.

Although it is basically extremely difficult if not impossible to accurately understand the reality of North Korea on account of the problems in gathering enough data, we must try to overcome this problem. This will be the way to get the utmost out of limited materials. In this regard, the testimonies of defectors who have experienced North Korean society first hand are invaluable.

The testimonies from *saetomins* (North Korean defectors in South Korea) should be used with prudence, considering the conditions in which research is conducted into North Korean society and its changes. These research outcomes are, however, of great importance. Changes in institutions publicly addressed by the authorities can be found through official documents and various other means. Notwithstanding this, following-up this work by correlating it to illegal or actual activities, namely the formation of an unofficial system such as the people’s consciousness, culture and change, is only possible through testimonies.

The Korean Institute for National Unification has, therefore, invited *saetomins* and has recorded testimonies from them about the actual situation of North Korean society since the mid-1990s. From 1996 to 2007, they have been witness to various events and changes, which they experienced (or may experience) through their daily lives. This study, focusing on these *saetomins*' testimonies, aims to illuminate the actual conditions of these changes, which can help us determine whether North Korea is actually changing, how it is changing and what the obvious changes are, if any.

II. Changes in the Ruling Ideology and Power Structure

1. The Combination of a Military-first Ideology and Practical Socialism: The Possible Advent of Military-first Pragmatism

North Korea adheres to ‘*Juche*’, an objective ideology and strives to make ‘military-first’ a practical ideology.¹ The country has already set forth a military-first ideology with *Juche* as the leading guideline of the Workers’ Party, and through it has promoted the military-first policy through all segments of society, and has established ideological systems such as the ‘Arms Philosophy (Chongdae cholhak)’ as a philosophical principle, the ‘Military-first Revolutionary Leadership (Songun Hyeokmyoung youngdo)’ as the

¹ See, Lee Ki-Dong, “Seongoonsasagui tongchi ideologijeok seongkyuke gwanhan youngoo (Study on Ruling Ideological Characteristic of Military-first Ideology),” eds, Lee, Woo-Young et al. 『Hwahae·Hyubryukgwa Pyunghwa Beonyoung, grigo Tongil (Reconciliation, Collaboration, Peace, Prosperity and Unification)』 (Seoul: Hanwool Academy, 2005).

leading method, and the ‘Military-first Revolution’ as the revolutionary theory. Such systems have different content from the *Juche* ideology but are very similar in their formality.²

The North Korean leader Kim Jong-il is not likely to abandon the military-first policy and ideology even though there are changes in domestic and foreign circumstances. He has already changed the role and function of the National Defense Commission, and there are signs that he will reinforce the structure of the Commission, including the establishment of new bureaus. Such efforts will proceed in a way that accepts changed domestic and foreign conditions and coincide with a new line of policy. It is likely that the new ideology and party line will legitimize the combination of the military-first and practical (*silli*) ideologies while keeping both intact.

In this context, the possibility of building a new ruling ideology combining the military-first ideology with practical socialism can be raised. North Korea seems to believe that the ‘military-first’ and ‘practical (silli)’ ideologies are still effective and appropriate means of survival. The authority will create ‘pragmatism’ in the military. In concrete terms, this means that the society should model itself after military ‘pragmatism’ on the grounds that military operations are mostly successful because they faithfully follow the principle of ‘pragmatism’. As a method of propaganda and agitation, ‘military-first pragmatism’, with the aforementioned content, can macroscopically be set forth, and an ideological education, which indicates that society should learn the revolutionary militaristic spirit, will be microscopically followed including the three elements of ‘Revolutionary Militaristic Spirit’, the ‘spirit of devotedly defending the top echelon (Soonoebugyulsaongwijeongsin)’, the ‘spirit of achieving defense (Gyulsagwancholui Joengsin)’, and the

² See on an ideological framework of Military-first Ideology, “National Study Forum on Military-first Ideology”, Korea Central News Agency (21. December, 2004).

‘spirit of heroic sacrifice (youngwoongjeok huisaengeonsin)’.

‘Military-first practical (*silli*) socialism’, which North Korea will likely introduce, contains many elements. First, North Korea argues that giving priority to military affairs ensures an actual profit (*silli*). That is, the socialist economy and the ‘actual profit’ based on the economy can be secured only by a ‘military-first’ approach at a time when imperialists and reactionaries constantly move to isolate and stifle North Korea. Second, the military-first (*songun*) approach only can control the side effects of ‘pragmatism’. It will insist that misunderstanding pragmatism based on groupism, in pursuit of pragmatism, can lead to the influx of capitalists’ ‘yellow winds’ based on particularism. It should be, therefore, controlled through the spread and diffusion of a ‘revolutionary military-first culture’. Third, the military first approach should be applied as a mechanism to spread practical socialism to the whole society. North Korea will encourage its society to follow abilities (working styles) and accomplishments (work results) based on practicality (*silli*), created by the military, by spreading a movement based on the revolutionary military spirit called ‘goondaetarabaewoogi (follow and learn from the military)’. Fourth, the army will be utilized in a revolutionary way and in construction as a major force by having it present at production and construction sites to facilitate outcomes, guaranteeing better profits (*silli*).

2. The Continuation and Change of the Sole Leadership (*suryong*) System

Kim Jong-il is often called the Chairman of the National Defense Commission, the General Secretary of the Workers’ Party of Korea, the Supreme Commander of the Korean People’s Army, the *youngdoja* (leader), and the Great General, but it is hard to find him being called *suryong*. After Kim Il Sung’s death, Kim Il Sung

was described as the *suryong* of the previous generation and Kim Jong-il as *suryong* of future generations. This was the only time that Kim Jong-il was called *suryong*. According to the theory of succession in North Korea, a successor of *suryong*, in whole, inherits the absolute position and decisive role of *suryong*.

However, Kim Jong-il pushed his father forward as the ‘eternal *suryong*’ and promoted himself to ‘*yongdoja*’. He may not need to cling to the title ‘*suryong*’ because he was installed as a successor at an early stage of his political life and has been in the absolute position and decisive role of *suryong* for a long stretch of time. However, it is very important that a successor inherits the title *suryong* to justify the succession and the stability of the succeeding regime, considering the meaning and image that *suryong* has to the people, namely the blood relationship between *suryong* as the father and the masses as children.

Nevertheless, Kim Jong-il started to use the title ‘*yongdoja*’ instead of inheriting the title ‘*suryong*’. After his installation as a successor, he built on a joint political power with Kim Il Sung. Thus, it was not a great hurdle for him to take over institutional power. However, it seems that he is mindful of his personal limitations in acceding to the charismatic power that Kim Il Sung had. Kim Jong-il, therefore, spoke highly of Kim Il Sung as an ‘eternal *suryong*’ and decided that it was wiser to overcome the present domestic and foreign crises and insecure leadership as ‘*yongdoja* with ‘instructional ruling (*yuhun tongchi*),’ which support the behests of the *suryong*.

It was, moreover, understood that Kim Jong-il tried to complement the charismatic power of ‘*yongdoja*’ through a manufactured symbol, that of the ‘general’. Kim Jong-il also attempted to temporarily conquer ‘the worst national crisis since Dangun (the founding father of the Korean nation)’ with the ‘Idea of the Red Flag’ and using such a symbol with a view to integrating society with the military.

This, too, is recognizing the reality that only military-first politics, using the military as the primary force of the revolution and construction, is the best policy to overcome difficulties facing the regime.

Even though he himself gave up himself the title *suryong*, the *suryong* (sole leadership) system is still being maintained. The ideology and theory which support the *suryong* system is the view of the revolutionary *suryong* and the theory of social and political life. A common feature of these two ideological theories is that the structure of North Korea is a unified body of *suryong*, the party and the masses, and *suryong* is the center of the social and political life. Moreover, it insists that the orders of *suryong* be followed in order to successfully achieve revolution and construction with regard to the unified body of *suryong*, with the party and the masses as the core of revolution and construction.

North Korea emphasizes the single hearted unity of the top echelon (the topside), the party, the military and the popular masses of the revolution. It is of tremendous significance that the top echelon of the revolution took the place of *suryong* and the military was newly included as the core of the revolution and construction. A political essay in the “*Rodong Sinmun*” states that “a heart of thousands in the army and the people, the top echelon of the revolution is Comrade Kim Jong-il”, which affirms Kim Jong-il as the top echelon of the revolution. Additionally, North Korea frequently uses the term ‘defending the top echelon of the revolution at the risk of ones’ lives’ instead of the previously used term ‘defending *suryong* (the leader) at the risk of ones’ lives’. In this manner, North Korea keeps alive the *suryong* system by using the title, the top echelon, which refers to the head of the social and political life and having the single hearted unity of the top echelon (the topside), the party, the military and the popular masses of the revolution as the core of the revolution and construction, instead

of the title of *suryong*, which was not taken on by Kim Jong-il.

The *suryong* system as manifested above, does not, however, seem to be internalized in the consciousness of the North Korean people. Many *saetomins* (North Korean defectors in South Korea) attributed the difficulties that North Korea faces to the vicious governance of Kim Jong-il. Due to the nature of *saetomin*, they may be biased against Kim Jong-il. However, according to them, his authority is noticeably falling among the North Korean citizens, and even he is being called by such terms as ‘potbelly’, ‘that bastard’, ‘that guy’ and so on.

In spite of the North Korean authority’s propaganda, which tries to describe the charismatic leadership of Kim Jong-il in the same light as that of Kim Il Sung with direct comparisons such as “Comrade Kim Jong-il is Comrade Kim Il Sung”, it is a common belief that there is no comparison between them. If a crisis is due to a poor policy, it can be improved by changing the policy and it can be described positively as reform and opening up, if such a problem lies in the structure of the socialist system. If a crisis is caused by a leader, there is only the option of changing the leader, which is, however, impossible due to the nature of the regime structure. Some of those who are critical of the regime are frustrated and most of the people are indifferent to and are withdrawing from the situation. *Saetomins* pointed out such attitudes of the people as one of the major factors allowing the *suryong* system to be maintained. Nonetheless, this is a general impasse.

3. The Decline of the Party’s Functions and Power, and the Institutionalization of Military-first Politics

The foundation of North Korea’s socialism is the party. This fact requires the party to be examined from three different aspects:

status, function, and power. The status of the party remains high as the heart of social politics in the military-first era. Official documents and the media of the North emphasize that the principle of party leadership still holds fast, stressing the term ‘military-first by the party’. On the contrary, it is still considered that a soldier entering the party center without his/her uniform is the best way to elevate one’s social status. In substance, senior military officials are appointed to senior official positions of the central committee of the party. Moreover, Hwang Pyong So, the senior official of the Organization and Guidance Department in the Central Committee of the Party, frequently accompanies Kim Jong-il during his visits to military units. Additionally, Hyon Chol Hae in the General Political Bureau, which is under party organization in the military and takes orders from the Organization and Guidance Department in the Central Committee of the Party, is known as one of the top aides of Kim.

The function of the party as a transmission belt, which delivers orders from the *suryong* (the brain) to the lower levels (arms and legs) is different between the Central and lower party, Pyongyang and districts, and the regions. The functions of the Central party operate smoothly, while the lower party does not. For example, the party in Pyongyang functions well, but the party in Chongjin does not.

The power of the party has increasingly weakened, when compared to the past. During the Arduous March, party officials looked after themselves rather than after the people, and engaged in all manner of corruption after the ‘7.1 measures’. Such irresponsibility, irregularity and corruption of officials has caused a rapid fall in its power.

In order to revive and make up for the limitations of the party functions and loss of power, the authorities began to utilize the army, which became the start of the institutionalization of the military-first politics. In other words, changes in the relationship

between the party and the military can be seen as a process in which the role and function of the military is strengthened in covering the gap produced by the malfunctioning and the weakened power of the party. The institutionalization of the military-first approach is worthy of note in relation to the start of the period of the military-first ideology. North Korea first took measures of strengthening the National Defense Commission with the military-first ideology. Starting with the amendment of the constitution in 1992, North Korea has taken steps to gradually expand the power and function of the National Defense Commission. Recently, it has been suggested that National Defense Commission is busy building sub organizations. First, the power elite within the People's Army and the Chief of the General Staff, Kim Yong Chun, became Vice Chairman of the National Defense Commission, and the top aide to Kim Jong-il. Additionally a Chief of the General Staff of the People's Army, Ri Myong Su, was appointed Director of the Administrative Department in the Commission. Moreover, Kim Ok I, who was also known as the new wife of Kim Jong-il, is a section chief of the Commission. Kim Yang Gon, the appointed intelligence chief, was an advisor of the Commission. The establishment of such posts within the Commission can be regarded as an enlargement of the organization and there are more posts appearing as its grows further. Considering Kim Jong-il's confidence in Ri Myong Su, it would be reasonable to regard his official title, Director of the Administrative Department, as a post which controls and manages the national operation of the Commission, rather than as a post which only deals with the administration of the Commission. Thus, the National Defense Committee has been enlarged and reformed as an organization which controls and manages serious national affairs such as our Cheong Wa Dae (Department of Policy) and the National Security Council Office.

4. The Generational Shifts

On the basis of the shared political and socioeconomic experiences, as Karl Mannheim suggested, the generations of North Korea are divided into the ‘first’ anti-Japanese partisan generation, the ‘second’ war and post-war recovery generation (*Chollima* generation), the ‘third’ revolutionary generation, and the ‘fourth’ subsequent generation. Among these, the fourth and the subsequent fifth generations, the so-called Arduous March generations or ‘*kojebi*’, are of particular concern with regard to the problems of the generations in North Korea. There are those who lost their parents during the Arduous March and have had to struggle for survival without any benefit conferred by the government, who are now showing anti-socialist and dissident tendencies in society. The North Korean government has consequently encouraged the reinforcement of ideological education, especially revolutionary traditional education, due to the concerns regarding the future of the country when this generation becomes the leading power of the country. The North Korean defectors in South Korea, known as ‘*saetomin*’, also refer to this matter in this way; “the way in which the government deals with them will be a crucial point in determining the future of North Korea”. This is very meaningful inform a long term view.

As Mannheim indicated, the shared political and socioeconomic experiences are not necessarily revealed in the same ways among the generations. The third generation grew up and was educated during the period when the North Korean economy was the most stable. Unlike previous generations, they thus have the socioeconomic background that leads them to be less revolutionary. However, they could be more revolutionary when they become members of the political elites because the privileges as available to the political elite are only granted to a small number of revolutionary families and such a sense of privilege is closely connected with the sense

of regime protection.

In this context, it can be assumed that the third revolutionary generation has a rather different socioeconomic experience from the previous generations but it tends to be stronger in terms of revolutionary fervor. Furthermore, it is noteworthy that this generation could be revealed to be more revolutionary as a result of the direct benefits they derived from the government and the elaborate socialist education that they have experienced. This is, for instance, witnessed in the case of China in which the technocrats of the fourth generation of the Chinese ruling party appear to have more in common with the technocrats of the previous generations than the non-elite groups in the same generation. Indeed, a *'saetomin'* who used to work one department, the Department against South Korea, states that some of the ruling elites in their fifties have demanded that seniors step aside from the day-to-day management, saying “we are in control over the next 10 years. The seniors should yield their positions. We will build an even stronger Socialism”.

Having considered generational changes from the viewpoint of a peer group who share common political, economic, and social experiences, the reshuffle of key positions carried out in April 2007 is hardly regarded as a generational change. First of all, in terms of the age difference between the predecessors and successors, Kim Yang-Gon (born in 1942), the Department Manager, is six years younger than his predecessor Rim Tong Ok (born in 1936). Kim Kyok Sik (born in 1944), the Chief of Staff, is nine years younger than his predecessor Kim Yong Chun (born in 1935), the Vice-Chairman of the National Defense Committee. Additionally, Kim Yong Il (born in 1944), the Prime Minister, is five years younger than his predecessor Pak Pong Ju (born in 1939). The age difference generally ranges from five years to nine years. Although the reshuffle could be seen as a generational change if the age difference was the only factor in consideration, when a peer group sharing common political,

economic, and social experiences is taken into the consideration, however, both the predecessors and successors belong to the 'second' war and post-war recovery generation. In this regard, the case of Kim Jong Gak (born in 1946), who was recently appointed as the First General Secretary of the Political Bureau, is also not to be regarded as a generational change as he belongs to the second generation as well.

Nonetheless, a shift in generations, from revolutionary second to third generation, is clearly witnessed in the case of this, the Department against South Korea. As the seniors who were in charge of the projects in the Department have either resigned (An Pyongn Su, Kim Yong Song, etc.) or passed away (Kim Yong Sun, Rim Tong Ok, Song Ho Kyong, Jon Kum Jin, etc.), the third generation, such as Choe Sung Chol (born in 1956), the Vice Manager of the United Front Department, Kwan Ho Ung (born in 1959), the Secretary of the Cabinet, and Jon Jong Su (born in 1963), the Vice General Secretary of the Committee for the Peaceful Reunification of the Fatherland have been gaining prominence in the field. Moreover, there are a number of personnel in their forties and fifties working on the South-North Ministerial Talks and the South-North Talks between Ministers of National Defense.

5. The Heir to the Helm: The Attributes of the One-man Ruling System and How it Combines with the Collective Ruling System

The North Korean *Rodong* newspaper presented some interesting expressions in its editorial and political articles last year. First of all, North Korea has actively propagated heroic stories of Kim Il-sung and Kim Jong-il when they were teenagers. Kim Il-Sung organized the Down-With-Imperial Union in 1928 when he was 14 years old and led the anti-Japanese fight. Kim Jong-il not only

formed the exploratory march to the revolutionary battlefield in Mt. *Paekdu* in 1956 when he was also 14 years old and successfully finished the march, but also succeeded the revolutionary tradition. Through the heroic stories of these teenagers, the North Korean government emphasizes the fact that age is not a significant factor in fomenting revolution, which confers the possibility of hereditary power succession to the third generation.

Secondly, there has been a minute change in the usage of the term the “top echelon of revolution”. Traditionally, the top echelon of revolution in the phrase of “in the hearts of millions of people, the top echelon of revolution is comrade Kim Jong-il” is a singular appellation, specifically, Kim Jong-il. The term means the central figure of solidarity when highlighting the single-hearted unity of the top echelon, the party, army, and the masses. Since 2006, however, the term is often seen as meaning the succession to the revolution, such as ‘carrying on a family line’. In this context, it can be presumed that the top echelon of the revolution and the plan for power succession are closely interconnected.

However, it is hard to find any description of the power succession in the North Korean official media or documents since 2007. There is a rumor that Kim Jong-il has forbidden the mentioning of any power succession plan since the death of Ko Yong-Hee. There is another rumor that Kim Jong-il intends to stay in power until he becomes 90 years old.

On the other hand, the power succession plan, for instance, the comeback of Kim Jung-Nam, became an issue due to the rumors about Kim Jong-il’s failing health condition. Although these were merely unsubstantiated rumors, they reflect the fact that the North Korean government is ready to take action regarding the post-Kim Jong-il system to deal with the issue of power succession.

‘*Saetomins*’ hold the same view, contrary to the forecasts of experts on North Korea, that the post-Kim Jong-il system will be

established through heredity power succession. They point out that, from Kim Jong-il's point of view, heredity power succession would be the most effective and least risky to the stability of power succession after his death. A *'saetomin'* explains thus; "hereditary power succession is the only way to sustain the central figure of solidarity as well as make the coexistence among ruling elites possible", another *'saetomin'* says that "the ruling ideology and power structure, that have been the basis of the political order of North Korea for the last 60 years, will be affected if power succession is made by ways other than heredity succession. Kim Jong-il is more aware of this than anyone else".

With regard to the timing of power succession, it is widely said that there will be no rush. A *'saetomin'* predicts that "this coming power succession, unlike the previous one which involved a power struggle with his uncle, Kim Young-Ju and stepmother Kim Sung-Ae, will be made solely by Kim Jong-il's decision. As long as there is no serious problem with his health condition, he will not hurry the succession", another *'saetomin'* states that "from the viewpoint of Kim Jong-il, there is no need to expedite power succession as it consequently means his power will be diminished".

Nevertheless, it can be presumed that Kim Jong-il is going to appoint his successor in advance and take a wait-and-see approach before making it official from the facts that the North Korean government has underlined its well-prepared power succession plan as the crucial factor in maintaining their socialist system, whereas other socialist countries in Eastern Europe collapsed. Kim Jong-il is approaching his seventies as well as experiencing health problems including a cardiac disorder, which could lead to sudden death. Moreover, it will take some time for the country to eliminate dissidents and stabilize during the post-Kim Jong-il system after the succession. With regard to this, a *'saetomin'* asserts "Kim Jong-il is more worried about a possible unstable post-Kim Jong-il

system than his influence being weakened”.

It is also said that there is a possibility that North Korea might choose a collective ruling system instead of the *suryong* (the leader) system. Indeed it is highly feasible that a collective ruling system will appear in the country in the case of any sudden coups d'état. If the current one-man ruling system suddenly stops working, the power elites of the party, the government, and the army are most likely to adopt a collective ruling system, rather than risk losing power, in order to avoid the situation that they collapse altogether.

However, if the forthcoming power succession is made by Kim Jong-il in the normal manner, the adoption of the collective ruling systems of the Soviet Union or China seems implausible. Above all, a collective ruling system will question the ruling ideology of North Korea that justifies its one-man ruling system and will bring about the drastic revision of its ideology. While the system will be more efficient if it can be implemented in a stable way, it is highly probable that any discrepancy in policies and lines could trigger power struggles. Furthermore, considering that the North Korean people are accustomed to a one-man ruling system that has lasted more than 60 years, as well as being their political culture, a collective ruling system will lead to confusion regarding their system. Accordingly, it is unlikely that Kim Jong-il, who is well aware of these ill effects, will take such risk.

Consequently, there is a fair possibility that North Korea will choose a ‘constitutional *suryong* (the leader) system,’ which is a compromised form between the current one-man ruling system and a collective ruling system. Under such a system, the status and role of the leader will be codified in the rules of the party and the Constitution, the collective ruling department composed of the core elites of the party, the government, and the army will be granted decision-making authority and executive power. Such a power structure considerably reduces the risk expected when a

collective ruling system is introduced, such as the possible confusion among the people, the potential power struggles as well as the call for any drastic revision of the ruling ideology. Besides this, it will not only ease the discontent among the core elites over the hereditary power succession, but also offer the opportunity to replace the current personal leadership system, the so-called charisma of ‘the lineage of Mt. Paektu’, whose influence could be diluted during the succession process with the positional leadership vested by the constitution.

Finally, one possibility that should not be ignored is that Kim Jong-il could choose to create a new system of power succession by introducing part of the Chinese system, in which case Kim Jong-il remains in power as the National Defense Commission Chairman and the Supreme Commander, and the successor is entrusted with the position of General Secretary of the Party, Chairman of the Presidium of the Supreme People’s Assembly, or the State President after resurrecting the position. The system seems similar to the alleged power structure from the 1980s to the death of Kim Il-Sung in which the father and son practically held joint power. Yet the fact that Kim Jong-il was not given any of the supreme positions differentiates the new system from the old one. The new system also helps the successor to establish his positional leadership in a short period, which consequently provides him with a better chance to develop his positional leadership into personal leadership.

III. Changes in the Economic Institutions and Organizations

1. The Theory of New Institutionalism³ and the Changes in the North Korean Economy

The New institutionalism is of particular importance in the systemic approach to the changes in the North Korean economy, which, unlike the Neo Classical School's analysis model, provides useful methods for analyzing the changes in institutions, organizations, and awareness in a systemic way. North, who has developed an institutional theory and has applied it to the analysis of economic history, describes the relation between effective/ineffective institutional changes and economic outcomes on the basis of the interdependence between institutions and the organizations derived within the incentive system under such institutions. According to him, institutions are composed of formal rules and informal constraints. By providing

³ North, D., translated by Lee, B.K., *Institutions, Institutional Change and Economic Performance* (Seoul: The Korea Economic Research Institute, 1996).

structures to daily life, they reduce uncertainties and influence the cost of transaction and production, which consequently have an affect on economic outcomes.

Even if formal institutions undergo inconsistent changes due to revolution, war or subjugation, institutional changes are achieved incrementally because of informal institutions (culture) within the society that are slow to change. Changes in informal constraints are not made overnight as the process of processing information influenced by these constraints is path-dependent. The fact that two different societies to which the same formal rules are applied produce rather different results shows the strength of informal constraints. This also explains the reason for the failure of the rapid reform strategy based on the idea that economic inefficiencies could be resolved instantly by replacing old systems with the so-called market system.

Institutional changes are not always made to be efficient because the discrepancy between institutions and organizations interacts with the embodiment of the objectives of the institutional changes. In other words, institutions determine opportunities within society, and organizations are formed to utilize such opportunities. Then, the latter alters the former as they form and develop.

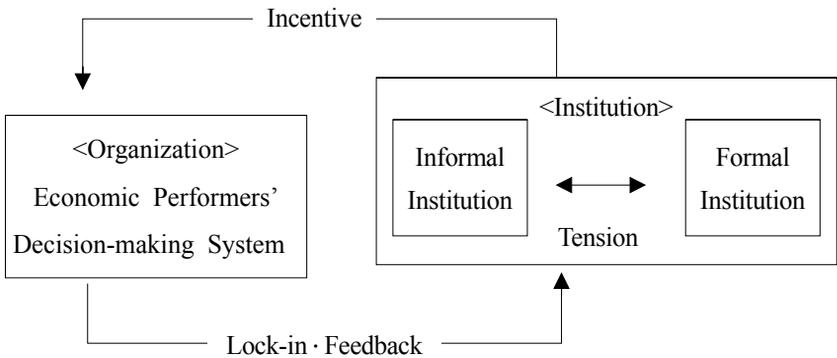
Accordingly, the process of institutional changes can be described as (1) the formation and development of organizations through incentive systems provided by institutions and the lock-ins of the institutions by the organizations and (2) the feedback from individuals towards the changes of opportunities. The organizations induced by the incentives under given institutions develop a sort of path-dependence and increasing return due to the result of learning and the network externalities⁴. Within this matrix, organizations

⁴ Network externality denotes the effect on the demand of certain user group with regard to certain goods by the demand of other user group of the same goods, which means the user groups of certain goods form a kind of network and influence and are influenced by one another.

lock in institutions, at the same time, depend on them. Economic performers alter institutions

The process of institutional changes based on the interdependence between institutions and organizations and the tension between formal rules and informal constraints provides a sufficient explanation of the development and decline of economics. The feature below describes North's logic of the analysis of institutional changes.

<Feature III-1> Process of Institutional Changes



The purpose of the present essay is to analyze the recent changes in the economic institutions and organization of North Korea using North's analysis model.

2. The Economic Crisis and Institutional Changes in North Korea

A. Institution-to-Organization relations before the Economic Crisis

The pre-crisis North Korean economic system can be described as ‘an alternative management system’. The alternative management system adopted in 1961 featured allowing enterprises to take part in the planning stage, breaking from government planning under the central management system for which government took the sole responsibility of planning and took the capacity and condition of each production unit into account. In addition, under the revised system, the managerial responsibility shifted from manager under the sole control of the system to the committee under the collective directing system. The wage system under this scheme was also revised in order to differentiate salaries by considering several elements including basic salary, the skills of workers, and monthly working hours. In the past, it was simply determined by the level of labor required through eight different levels. Furthermore, the ‘*Jagubban Woodajae* (preferential treatment for working unit)’ and the ‘*Bunjodogubje* (contract system)’ were introduced to place more emphasis on material incentive.⁵

Nonetheless, it is hard to believe that the newly adopted official wage system provided a strong material incentive. This results from the technical difficulties in measuring the quantity of work. In

⁵ The salary difference in each period was 1.65 times in 1953 and went up to 3.9 times in 1961 and 5 times in the late 1980s. This implies that the wage system was changed to put more emphasis on material incentive. Jae-ryung Ha, “Bukhanwui Sanuphwawa Nodongjungchaek (Industrialization of North Korea and its labor policy),” 『Nodongmunjaenonjip』 (1997) Vol. 14, p. 13.

addition, a tendency towards equalitarianism among North Korean workers and the socialist ideology of the North Korean authorities who tried not to put much difference in wages seem to play a significant role as well. Such socialist values are reflected in the North Korean distribution system, where rations constitute a considerable amount of actual income as in the form of indirect income. In other words, the actual salary makes up only a small portion of total income, since in-kind government provision, including food rationing, housing, education, health and medical treatment is supported through the distribution system. Sin-lim Choi and Suk-ki Lee explain that half the average salary of workers is given in the form of rations.⁶ According to North Korean defectors, it is presumed that even now political and moral incentives such as loyalty or origin of birth are given more attention than material incentives.

When someone achieves more than they are supposed to, the rewards are provided based on his or her origin of birth. Workers with undesirable backgrounds are only rewarded up to 50 percent of the excessive quantity accumulated, while workers with desirable origins are rewarded 100 per cent.⁷

To sum up, in the institution-to-organization relations before the economic crisis in North Korea, where the existence of the distribution system disturbed the new wage system by discouraging material incentives and gave weight more to political moral incentives, productivity was unlikely to increase.

⁶ Sin-lim Choi and Seok-ki Lee, “Bukhanwui Sanupkwanlichegawa kiupkwanlijedo (Industrial Management System in North Korea and Enterprises Management System)” (Seoul: Industry Research Institute, 1998).

⁷ An interview with a *Saetomin*, Y00 (skilled worker, male) on 26 June, 1996.

B. The Economic Crisis and the Formation of the Informal System

In the 1990s, North Korea faced an unfavorable economic situation by losing a number of trading partners from the socialist block. In particular, the North Korean industrial sectors which heavily relied on the Soviet Union to maintain a heavy chemistry oriented industry, thereby suffered most from these external circumstantial changes in the 1990s. Despite more attention being paid to material incentives in the early 1990s, it didn't make any substantial difference in meeting the targets in a situation where raw material supplies were not sufficient at all.

Before the economic crisis, we cared much about our wages. But because of the inflation, there was no use in caring about wages as there were not many things we could afford to buy.⁸

When the distribution system was barely working due to the lack of consumer goods, and purchasing power sharply declined because of inflation, both material and political moral incentives in return for accomplishing goals didn't work. Furthermore, it didn't make any sense to achieve a given goal with insufficient raw material supplies. As a result, the central management system became gradually paralyzed since the early 1990s.

As the economy was deteriorating since the early 1990s, it was almost impossible to work as planned. Therefore, nobody criticized us of not being able to achieve our goals since we were not given the necessary materials, electricity and rations.⁹

⁸ An interview with a *Saetomin*, H00 (skilled worker, male) on 21 February, 2004.

⁹ An interview with a *Saetomin*, K00 (male, escaped in 2000) on 31 August, 2007.

Food production sharply declined for various reasons. In the mid 1980s, it began to decrease because of the problems in the collective farming system and the lack of farming materials. In addition, in the 1990s, there was a sharp decline in energy and material supplies from the outside world and the natural disasters in the mid 1990s further damaged food production. As a result, food rations were almost cut off in the mid 1990s, which had been gradually decreasing since the early 1990s. Moreover, as one tenth of the population was believed to have died of hunger, North Korea failed to sustain her economic structure which had hitherto had been steadily maintained over the past 50 years under tight control.

Material incentives which tied workers to the formal system were no longer effective due to the cut off of the distribution system that caused inflation in wages and mass starvation. In order to survive, North Koreans began to explore alternative ways of making money. More and more people started to rely on the market, as less and less people received rations from the government. As a matter of fact, the market was already in existence as an alternative to the existing central planned economy since the early days of North Korea. As the economic crisis deepened, 'the legal farmers' market' began to play an alternative role as a black market where illegal items were traded. Such illegal activity must be regulated in a central planned economy; however, with food distribution malfunctioning, it opened the door for such activity in practice. Accordingly, the market system that was only permitted as a supporting mechanism began to experience gradual changes.

When the distribution system was in operation, the market was held every five or ten days. From the moment that the distribution system was not functioning very well, the market began to open almost every day.¹⁰ North Koreans relied on farmers' markets or the black market

¹⁰ An interview with a *Saetomin*, C00 (skilled worker, male) on 9 May, 1997.

for 80 per cent of their purchases of necessary goods. As the North Korean authorities knew that there were high chances of starvation without a significant role for either a farmers' or a black market, these markets were permitted to operate implicitly.¹¹

At first, North Koreans began to engage in trading in small items such as household goods and appliances for the seed money in order to set up a small private business. Some people went to work in the morning but did their own business in the afternoon. The number of people engaged in private enterprises went up, as the food distribution was completely cut off. Workers walked out of their jobs by bribing the officials, and regulation of illegal trade became difficult to enforce.

The '8.3 Campaign for boosting Consumption Goods Production' (hereafter 8.3 Campaign), launched in the mid 1980s to address the deficit in consumer goods, resulted in the expansion of small business in the 1990s.¹² The list of items produced by the '8.3 Campaign' was centered mostly on groceries, clothes and footwear in the initial stage, but in later stage, diverse items were introduced in the service sector such as cosmetic treatment, photography, and repairing household appliances. Furthermore, private companies (*gaehuisa*), began to appear in a relatively large scale in the fishery, transportation and trade sectors. Private companies leased the factories and hired workers to do their business and paid for the rent, where the enterprises (KIUBSO) are unable to run a business.¹³ Although private companies were not legalized, they

¹¹ An interview with a *Saetomin*, C00 (laborer in trade sector, male) on 22 June, 1996.

¹² Wan-kyu Choi, "Bukhandosiwui Uikiwa Byunhwa (Crisis and Changes in the cities of North Korea)," (Seoul: Hanwol Academy, 2006).

¹³ Kun-suk Lim, "Bukhanwui Jayoungupwui Tuikjinggwa Baljeon Banghyang (Features of Private Enterprises in North Korea and its Direction for Future)," 「Tongil Kyungje (Unification Economy)」 Issue 80 (March 2002).

had been implicitly permitted since the 1990s. This is due to the lack of ability to supply money, oil, and a variety of other supplies necessary for maintaining production capacity by the government, hence the implicit permission given to individuals who could do this on behalf of the government.

Furthermore, in some cases, all the workers in a production unit sustained their lives by the materials they produced under the permission of a manager or a chief of the unit. This behavior would have been criticized as being selfish in the past, but was now considered reasonable and realistic. The influence of the manager became relatively stronger as the top down decision making process became increasingly weakened from the 1990s onwards.¹⁴

There was a gradual change in mentality on the part of North Koreans, as they realized how challenging it was going to be to recover from the economic difficulties after the crisis. There was an observation that North Koreans began to take on ‘self-reliance’ at the personal level, using it to solve their personal economic problems and asking for the guarantee of basic necessities of life at the production unit level. In other words, the word ‘self-reliance’ now began to have a new meaning, distinct from describing the North Korean version of economic development to the conceptualizing of each individual being responsibility for their own lives, not depending on the government for support.¹⁵

This new concept of ‘self-reliance’ was built upon by the government. Incompetent and unable to provide resources and material incentives, the North Korean government barely managed to cover the expenses necessary for the regulation and control for the maintenance of the system. As a result of the increased expenses

¹⁴ An interview with a *Saetomin*, S00 (skilled workers, male, escaped North Korea in February 1999) on 4 February, 2004.

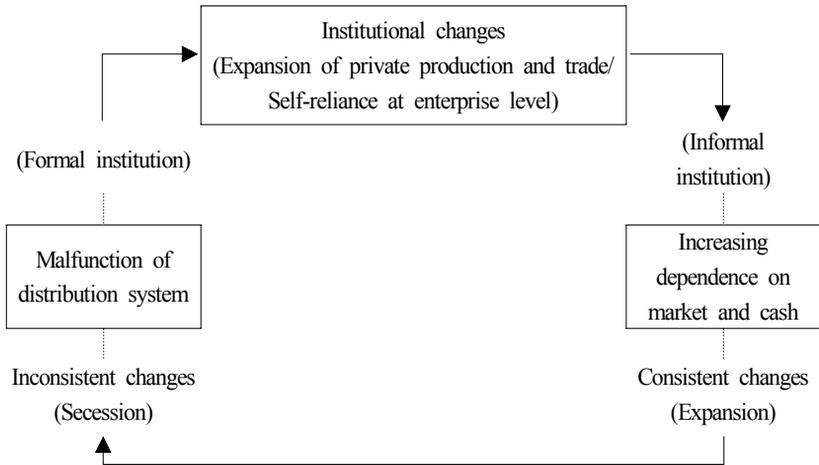
¹⁵ An Interview with a *Saetomin*, S01(hairdresser, female, escaped North Korea in 2000) on 22 January, 2005.

for regulation and control, the government began to strengthen the concept of ‘self-reliance’ at the enterprise level by authorizing people and organizations to secure and deal with available resources and guarantee the workers’ livelihood.¹⁶

Due to the economic crisis, the ways in which people engaged in their economic activities underwent progressive change. During this period, there was also a change in the incentive system under which formal top-down instruction was given to the organization. The previously established incentive mechanism such as achieving goals and stimulating incentives was no longer effective. As the government barely managed to cover the expenses required to maintain regulation and control, an expansion of informal institution such as individual production and the spread of the market was implicitly permitted. In addition, encouragement to produce and distribute at the enterprise level was given. In return, the government demanded bribes or illegal cash. As a result, formal institutions based on political and moral incentives were gradually replaced by an informal system based on material incentives.

¹⁶ “Since 1995, it was clearly directed to the public that public enterprise should take responsibility for the livelihood of workers. Because of this direction, products were at each enterprise’s disposal” (cited from North Korean defector at still meal): Seok-ki Lee, “Weakening of Planned Economy system-voluntary marketization and changes in governing system of public enterprises” 『Donghyangkwa Jeonmang (Trend and Prospect)』, Issue 62 (2005).

<Feature III-2> The Economic Crisis in North Korea and the Subsequent Changes in Institutions



As the informal institutions were developing, the gap between the informal and formal institutions widened. Under these circumstances, people inevitably paid more money in order to get involved in the economic activities possible in informal institutions. For example, in order to trade in the black market, illegalized by the government, people had to endure the increased cost of the uncertainty of such exchange by keeping out of the watchful gaze of government regulation. From the government's perspective, this had negative consequences such as spending more monetary resources on regulation and monitoring such economic activity, and further reduced government income.

3. The Changes in Institutions and Organization after the 7.1 Measures

A. The Restoration of a Planned Economy in the late 1990s and the 7.1 Measures

To reduce the negative impacts created by the informal economic institutional system, the North Korean government attempted to demolish informal activities by regulating farmers' markets and private enterprises and directed the workers to come back to their centrally planned employment. Nevertheless, this attempt was in vain, since most factories were unable to secure the required amounts of raw materials to operate and lacked the monetary resources to pay salaries, except for a few factories that had been able to entice their workers back to work. There was simply no incentive for workers to come back. In addition, with the market now being so widespread, regulatory expenses took a sharp increase in order to maintain control over the market system. The following survey outcome¹⁷ shows that the market had become a very important environment for economic activities in the late 1990s.

¹⁷ Young-hoon Lee, "Talbukjarul Tonghan Bukhangyungje Byunhwasanghwang Joesa (Survey on Changes in Economic Situation of North Korea through Interview with North Korean Defectors)", (Seoul: Korea Bank, Finance Economy Institute, 2006) (http://www.bok.or.kr/contents_admin/info_admin/main/home/bokdb/northkorea/research/info/north02.hwp).

<III-1> Income source of North Korean household (unit: %)

	From Salaries	From Private Business	Others*
North Korean escaped between 1997-1999	7.5	91.1	1.4
North Korean escaped between 2004-2006	5.0	88.1	6.9

* Assistance from relatives or raising livestock

Attempts to reduce the gap arising from the spread of informal institutions in the late 1990s failed due to the lack of material incentives and the increased expenses of regulation. Instead, other attempts have been made in order to bring the informal institutions back within the regulatory control of the government, and one of the first attempts was ‘7.1 Economic Management Reform Measures in 2002 (hereafter 7.1 Measures)’.

It has been argued that the ‘7.1 Measures’ implied some degree of official recognition of the informal economic institutions, incentives and gradual changes of organization, which were implicitly permitted under some degree of observation for the past ten years of the crisis, during and after the Arduous March. More precisely, with the ‘7.1 Measures’ on board, more emphasis began to be put on the changes in the pricing mechanism, the application of incentives and the *Dokliphasanje* (independent profit system). However, these changes were not completely new. What this meant in reality was that the government had officially recognized informal practices such as the distribution of resources by market principles, the operation of public enterprises according to the principles of self-reliance as well as expanded monetary trade.¹⁸

¹⁸ More detailed information can be found in Young-hoon Lee, “Bukhanwui ‘Jasangjeok’ Sijanghwawa Gyungje Gaehyukwui Jeongae (Voluntary Marketization in North Korea and the Progress of Economic Reform)” 「Tongil Munjae

Official institutional changes came in various forms. First of all, there was the argument, essentially one of self criticism¹⁹ that the ineffectiveness of the previous institutions caused economic crisis. Additionally, the changes in mentality of North Koreans themselves and the way they performed their economic activities made it unfeasible to reinstate the planned economic system again in the late 1990s. Finally, the government had to cover the increased expenses for regulating the informal institutions.

B. Institutional Changes

There was an element of the inevitable when it comes to the introduction of the market economy for the purpose of restoring production and thus the ‘7.1 Measures’ made room for an official recognition and expansion of the market economy.

The first step for this change was the reform of the price system and normalization of prices. The change in the price system began with accepting supply and demand mechanisms as well as the resource allocation processes of the market. Such a change might be considered too radical, but actually it was not quite as radical a change as first appears. In fact, in everyday practice, prices were already being determined in the black market and had been used for distribution for the past ten years. In addition to the reform of the price system, the normalization prices was undertaken and consequently the price was raised an average of 25 times. In a situation where the government could hardly afford to meet the expenses incurred when restoring the economy and putting into place strict regulation of the market, the government decided to

Yeonku」 Vol. 17 Issue. 2. (2005).

¹⁹ Strong criticism on equalitarianism in distribution system by North Korean authority while explaining the meaning of the 7.1 Measures is also in line with this context.

normalize prices. This move was aimed at preventing a shrinking economy and obstructing market expansion caused by the widened gap between official and market prices as well as raising the income of the state.

Second, effective use of a material exchange market for goods was emphasized, following the introduction of a collective market for consumer goods. In March 2003, Chairman Kim Jong-il directed the reform and expansion of the farmers' markets into collective markets. The introduction of collective markets was in line with the government policy inspired by the '7.1 Measures', and was aimed at saving governmental expenses by institutionalizing the market and connecting the market with the planned economy. According to one North Korean defector, there was a decree in May 2003 by Chairman Kim Jong-il who "encouraged the use of the market for the convenience of ordinary people."²⁰ Collective markets were established all around the country and became public enterprises operated systematically as a unit. "The state runs stores and cooperative organizations and individuals who sell their products in the market were required to pay for the use of the market and there was an additional payment to the government, depending on their income."²¹ In short, such a formulation of the market was aimed at reducing the expenses of regulation and increasing financial income by collecting fees for the use of the market as well as some proportion of income as tax.

At the same time, in order to supply essential goods without

²⁰ According to him, it was also directed to decide the size of the market considering different circumstances. For example, 600 seats sized market for the place where between 30,000 and 40,000 are residing, 900 seats sized market for the place where between 40,000 and 50,000 are residing, 1200 seats sized market for place where between 50,000 and 70,000 are residing.

²¹ *Chosun Shinbo*, 7 September, 2004.

delay, the previously suppressed supply of materials through a market specializing in the trade in materials was encouraged. This was intended to address the severe lack of material supplies under the planned economy.²²

C. Changes in the Incentive System

The expansion of the market system was accompanied by changes in the incentive system. The North Korean government made it clear that it planned to restore the production mechanism at work through changes in the incentive system.

First of all, the price system was reformed in a way that emphasized the principle of distribution based on the labor supply and it was centered on living expenses. By identifying the reasons for past economic failure as ‘paying equal amounts of money without differentiation’, the government started to provide only basic living expenses without “compensation and small money for snacks” which had been given for free previously. This measure was also based on socialism, in which people would only receive according to how much they produced and how fast they worked.

In addition, the government also introduced the *Bunsuip Jipyo* system (equivalent to value added - the ratio of wages and profits to the sales income). Whereas in the past people were expected to accomplish goals without consideration of the profit, the introduction of an index system brought about a reduction of the expenses and an enhanced quality of the products themselves.²³

²² Chosun Nodongdang Chulpansa (Workers’ Party Publication), 「Woridangwui Sungunsidae Gyunggesasang Haseol (Explanation of Economic Ideology of Our Party in Military-first Era)」 p. 104.

²³ Su-young Choi, 「7·1 Gyungge guanrigaesunjochi Ihu bukhangyungge byunhwajunmang:siljilsodekwui byunhwarul jungshimuiro (A perspective on changes in North Korean economy after ‘7·1 Measures for Economic Management Reform’)」 (Seoul: KINU, 2004).

D. Changes in Organization

The relationship between and among organizations and economic entities underwent a significant transformation due to the incompetent government being unable to provide the necessary supplies and the spread of self-reliance among these economic entities. The government accepted these changes by strengthening *DoklipChasanje* (independent profit system), but at the same time, partially maintained the distribution system with the aim of sustaining the regime.

For the purpose of strengthening *DoklipChasanje*, the government, first of all, allowed the public enterprises to operate based on their own production index, however, for national/strategically important sectors and those areas of the economy essential for overall economic development, the government still maintained the overall control. Moreover, except for the prime items of national and strategic importance, each economic actor was permitted to operate their own price system based on the principles set by the government. In addition, the government encouraged the public enterprises to produce items on demand, which were not otherwise included in the government planning lists. The government also authorized the public enterprises to manage human resources at their own discretion.

In order to enhance the system of *DoklipChasanje*, the government highlighted an effective use of *kiupsojachechungdangkum* as well as *Bunsuip Jipyo* (index for profit). *Bunsuip* includes profit created by the state and public enterprises, salaries, and *kiupsojachechungdangkum* (seed money). The government also put an emphasis on the effective use of *kiupsojachechungdangkum*. The seed money can be used at the individual factory or enterprise's discretion in order to activate the production line and expand it. In the past, the very mention of seed money was forbidden, but now economic entities were largely encouraged to promote the use of seed money.²⁴

On the other hand, the distribution system became the last resort

for the North Korean government to control the public within the planned economy, as well as one way of showing the superiority of socialism, although it has not been operating well because of the food crisis and there has been repeated suspension and resumption of the system whenever there were insufficient rations. Therefore, although North Korea officially maintained their distribution system, at the same time, the government raised purchase prices in order to provide material incentives. Additionally, the government tried to reduce its own level of responsibility by allowing factories and enterprises to take responsibility for distributing rations. Since the current distribution system is in operation on the basis of self-reliance, only capable workers in the factories and enterprises could receive rations. The distribution system could have continued to exist only by reducing its scale and cutting down on their expenses.

The changes in the incentive system made a difference in levels of achievement. Nevertheless, the normalization of the production line did not progress due to the insufficient supplies of resources, yet the economic situation of the factories and enterprises after 'the 7.1 Measures' proved to be better than that of the collective farms. Most of all, while production units concerned themselves more with the price of the goods rather than the quantity of goods, 'a8.3 workers' at the factories or enterprises also were able to receive their living expenses and rations in return for paying *Kukgasunapbun* (some payment to the government) and income tax that was used for procuring the resources. A survey²⁵ shows

²⁴ "It was required that each factory and enterprise exert strongly the right to use money for production restoration. There should be an established rule for the use of this money and only factories and the enterprises are allowed to use it." *Chosun Nodongdang Chulpansa* (Workers' Party Publication), 「Woridangwui Sungunsidae Gyunggesasang Haseol」 p. 103.

²⁵ Young-hoon Lee, 「Talbukjarul Tonghan Bukhangyungje Byunhwasanghwang

that the number of ‘8.3 workers’ is increasing due to the ‘7.1 Measures’, though the attendance rates of workers in general has not recovered yet and is still very low.

<III-2> The Attendance Rates of Workers before They Escaped (No., %)

	Regular in attendance	Engage in Other work after leaving early	Engage in Other work after paying ‘8.3 fund’	Not go to work	Total
North Korean escaped between 1997-1999	23	5	3	7	38
	(60.5)	(13.2)	(7.9)	(18.4)	(100.0)
North Korean escaped between 1997-1999	21	4	11	4	40
	(52.5)	(10.0)	(27.5)	(10.0)	(100.0)

Source: Korea Bank

In the case of collective farms, few things changed even after the ‘7.1 Measures’. For example, the goal of collective farms was still to maintain production of certain quantities of products. Responding to questions about what changes the ‘7.1 Measures’ have brought in farming practices, North Korean defectors have answered that the “incentive system is only in name, since we could only receive incentives when we accomplished set goals, which never happened. For this reason, we have seen a sharp increase in slash and burn farming.”²⁶ “Farmers do not have rice to eat, even if the price for rice has gone up. They live by eating livestock, not rice, as party officials take almost all the rice away.”²⁷

It is estimated that the number of private enterprise which are

Joesa (Survey on Changes in Economic Situation of North Korea through Interview with North Korean Defectors)].

²⁶ An interview with a *Saetomin*, K00 (official at National Security Agency, male) on 22 June, 2004.

²⁷ An interview with a *Saetomin*, C00 (doctor, female) on 23 June, 2004.

informally run through individual investment and operation is increasing. In principle, running private enterprises (other than state-run enterprises) is forbidden. However, after the economic crisis, private enterprises have been expanded by individuals who have obtained some seed money through handicrafts or running their own businesses and invested the money in insolvent state-run enterprises, restaurants or shops in return for paying some part of their income. It is reported that the salary rate of private enterprises is normally between 20,000 and 50,000 KPW, while only between 2,000 and 3,000 KPW is paid to workers at state run enterprises.²⁸

²⁸ Good Neighbors North Korean Research Institute, 「Ohnulgwi Bukhansoshik (North Korea Today)」 Issue 47. (2006).

IV. Changes in the Lives of the North Koreans and Their Mentality

1. Changes in the Lives of North Koreans

The ‘7·1 Measures for Economic Management Reform’ (the 7.1 Measures), in addition to legalizing the market in March 2003, played a major role in accelerating changes in people’s mentalities that have spread and deepened since the late 1980s. The 7·1 Measures and the market legalization have influenced the lives of North Koreans. As a result, changes in the people’s recognition of the domestic and foreign situation and in their values have developed rapidly. Putting together the defectors’ oral statements, the 7·1 Measures have influenced the lives of North Koreans in four respects: the expansion and reinforcement of autonomy and activeness, the vitalization of private businesses in line with official permission, the deterioration of the economy, and the widened gap between the rich and poor.

A. The Expansion and Reinforcement of Autonomy and Activeness

Since early childhood, the North Korean people have learnt collective thoughts and behaviors that are fundamentally opposed to individualism through political and institutional lives. For this reason, they build up other directed, passive and unified egos rather than autonomous, active, and individualistic ones. Since experiencing economic hardships during the 1990s, the perception of their own egos has become individual-oriented and they have become more autonomous and active in their thoughts and behavior. As the social welfare system, including the rationing system, has not properly functioned, people began to make their own livings according to their own judgments and plans. Further, they became more active in earning more money by engaging in economic activities, such as private business and through other means. The 7.1 Measures, thus, became an opportunity to increase autonomy and the activeness of the people. Self-independence and pro-activeness in economic activities were previously under the control of the authorities. However, the authorities' permission to allow autonomous economic activities motivated the people to work.

According to North Korean defectors, North Koreans were told, as the food crisis worsened, to take care of their own lives, and not to rely on government support. This has become more obvious since the 7.1 Measures.²⁹ This indicates an expansion and strengthening of autonomy in factories and enterprises. As the central unit no longer fulfills its role, the government attempted to encourage people to work, passing its burden on sub-units. It was pointed out that the increase of appetite for labor after the 7.1 Measures

²⁹ An interview with a *Saetomin*, K039 (40, professor, North HamGyeong, Hamheung city) on 6 January, 2005.

is due to an introduction of the incentive system. Due to the abolition of the rationing system and price increases, people had to work to make their livings; however, it is the incentive system based on productivity that mostly contributed to the increasing appetite for labor.³⁰ *Saetomins* also witnessed that the ways in which ‘non-legal (unofficial) independence’ increased in work places. As work places, such as factories and enterprises, became more autonomous, the control over behaviors, such as leaving work places without notice and taking leave of absences, has been weakened.

B. Growth of Commerce

Since the food crisis, commerce conducted with the connivance of the authorities has become a crucial means of maintaining the lives of North Koreans. After the 7.1 Measures, commercial transactions became official and thus, more active. Through the 7.1 Measures, however, private business expanded greatly, as it was now legal to conduct. As a matter of fact, private businesses in the market were regulated occasionally after the 7.1 Measures, which aimed at formulating a state run business model. Soon after the measure turned out to be unsuccessful, the sale of rice and industrial products was allowed in the market. Finally, in March 2003, the farmers’ markets expanded to being permanent markets.

The most welcomed change by North Koreans regarding the 7.1 Measures was that they did not have to fear being regulated. Even in the workplace, it was less strict for those wishing to conduct their private business. It was said that anybody could make the jump into his own business if he pays a certain amount of money to his company. It is believed, though, that not every North Korean

³⁰ An interview with a *Saetomin*, K024 on 1 July, 2003.

who engaged in private business after the 7.1 Measures was able to make a profit. This was because some had no skills in making money for their own businesses. Thus, their lives deteriorated. One of the other reasons can be found in inflation, the subsequent decrease in consumption and the abundance of people engaged in private business, all of which could have been possible because of the 7.1 Measures.

C. Deepening Economic Hardship

Saetomins have said that their lives were quite stable prior to the 7.1 Measures. The prices on the black market were stable, basic needs for living had been established (although the situation was still harsh), and people earned money by engaging in economic activities, including farming and commercial transactions. Thus, living conditions were somehow stable without any rations from the state.³¹ The living conditions and the financial situation seemed to be improving for some time, as the authorities permitted trade and made markets official after the 7.1 Measures. However, factories and enterprises did not run properly and prices were raised, even after the 7.1 Measures. Except for well paid employees and the rich, people's living conditions, therefore, became more difficult. The reason for this worsening of living conditions was of increased commodity prices caused by goods shortages. Some also pointed out that the practice of grading wages was also to blame for the worsened living conditions. According to related documents, the '*Noojindogeubje* (the Progressive Contract Work System),' implemented by the 7.1 Measures, made the lives of unskilled labors very difficult, as increased wages never caught up prices.³² A sharp

³¹ An interview with a *Saetomin*, K030 (official of the National Security Agency, male) on 22 June, 2004.

³² Good Neighbors, 『North Korea Today』, p. 32.

increases in the price of transportation, housing, electricity and land also made the life harder for the people.

D. Intensification of the Rich-Get-Richer Phenomenon

In general, economic reform cannot only enhance productivity and national competitiveness by increasing efficiency, but it can also widen the gap between the rich and the poor in the process. After the 7.1 Measures, some who were highly paid and engaged themselves in private economic activities (commercial transactions) became ‘the newly emerging rich’, but others became poorer as the basic benefits from the government were reduced.³³ The rich-get-richer phenomenon appeared in North Korea as the newly-rich emerged from ashes of the extreme economic hardship experienced since the 1990s. As a sharp increase in prices widened the gap between the rich and the poor, the phenomenon continued to spread within society. According to *saetomins*, the well-off party officials in the upper middle class are wealthier than the upper-middle class in China. Additionally, people in the wealthy class hire housemaids. Some wealthy individuals living in Pyongyang go to Yanbian, China to buy food and necessities in bulk to consume over a long period of time.³⁴ Only very few people have such luxurious lives, while most North Koreans struggle for survival. In the market, there are hundreds of poor people who make their living by pushing handcarts or working as porters. Moreover, there are farmhands who usually secure their meals by helping farmers weed fields or plow crops.³⁵

³³ Basic Studies Research Team, Korea University, 『the 7.1 Measures and North Korea』, p. 186.

³⁴ An Interview with a *Saetomin*, A00 (female North Korean residing in China) on 12 May, 2007.

³⁵ Good Neighbors, 『North Korea Today』, p. 54.

2. Changes in the Mentality of the North Koreans

A. Learning and Accepting Capitalism

Through a repetitive, ideological education, conducted over a long period, the North Korean government ensures that the people understand capitalism to be a negative influence and regard it in the same light as a hostile and evil concept such as imperialism and economic exploitation. However, there have been changes in the people's understanding of capitalism, as the food and economic situation worsened, starting in the 1990s. *Saetomins* have said that most North Koreans engage in “commercial transactions for a living” and do not consider commercial transactions by individuals as “practicing capitalism”. As a matter of fact, they are too busy with their own struggles to survive to evaluate their economic activities through ideological standards. Rather, they accept capitalism through a systematic understanding; they naturally accept it through their experiences of commercial transactions. While they are engaged in private business and maximizing profits by using capital, their formerly negative conceptions of capitalism have changed. Additionally, the 7.1 Measures facilitated these changes in their mentality. More positive changes have been brought about as commercial transactions became legalized and expanded in scale after the 7.1 Measures. Besides this, the introduction of a monetary economy as well as the basic elements of a market economy³⁶ and the incentive system helped to change their understanding of capitalism.

It has been reported that waves of capitalism starting from the border area since the late 1980s are rapidly spreading more extensively and intensively due to the 7.1 Measures. As a result,

³⁶ Jaejin Suh, 『Institutional Changes in North Korea after the 7.1 Measures: Bottom Up Reform of Market Socialization』 (Seoul: KINU, 2004), p. 94.

the authorities have tightened controls to regulate such trends. The North Korean government tightened its security, acknowledging the possible impact on its citizens caused by circumstantial changes at home and abroad amid the growing chance of addressing the nuclear issue as well as the North Korea-US relations through the Six Party Talks. According to North Korean defectors, the channels for obtaining information related to the capitalist culture are listening to and watching South Korean radio and television, watching Chinese television and interacting with relatives living in China. In particular, illegal video tapes and CDs have helped them to develop a different attitude to capitalistic culture.

B. The Spread and Increase in Criticism against Chairman Kim Jong-il

According to North Korea's official values, the only purpose of life for North Korean people is to be faithful and obedient to Kim Il Sung and Kim Jong-il, and live their lives for them. North Korea claims that Kim Il Sung lived and Kim Jong-il lives with "the unbending principle of life which takes good care of and devotes everything to the people", and that they are like omniscient and omnipotent gods for whom nothing is impossible when it comes to the welfare of the people.

According to *saetomins*, North Koreans usually perceive Kim Il Sung in a bright light, while they have negative opinions of Kim Jong-il. North Korea praises Kim Jong-il as the "incarnation of Kim Il Sung" and the "protector of socialism," and proclaims that he takes care of the people's lives, having only light sleep and limits himself to only eating rice balls. What *saetomins* have said is that most people do not blame Kim Jong-il for their poor living conditions, because the people who know nothing about international trends and the domestic and foreign situation still

believe, due to the authorities' education, that the ongoing economic crisis in the country is caused by U.S. economic sanctions. However, many people started to complain and oppose the leader as rations were cut off and many people died of hunger in the Arduous March. Complaints and criticism have spread as the food crisis continues and people's lifestyles are not yet secure. Furthermore, such a social atmosphere among the people has been widespread since the 7·1 measures. Since the food crisis, the North Koreans realized that North Korea is a poor country, which has led to negative opinions about Kim Jong-il. People who have been to China to visit relatives and engage in business discovered that North Korea is a poor country by seeing and hearing evidence of this for themselves. They began to think that the country is perishing because of Kim Jong-il's dictatorship.³⁷

C. Positive Opinions of South Korea and the Spread of South Korean Culture.

The opportunity for change in North Korea's understanding of South Korea and its culture lies in the frequent visits by North Koreans to China since the food crisis. North Koreans who have illegally crossed the border for food to China, to visit relatives, earn foreign currency, or smuggle can access information on South Korea through South Korean television broadcasts, pop-song records, films, relatives within China, Chinese citizens with Korean ethnicity who have been to South Korea, and so on. Moreover, some *saetomins* have said that they have changed their views on South Korea by listening secretly to South Korean radio broadcasts such as 'Voice of America', 'Radio Free Asia', reading fliers, or watching South Korean soap operas telecast on Chinese television.

³⁷ An interview with a *Saetomin* C010, on 23, June, 2004.

The Inter-Korea summit in 2000 was also instrumental in changing the people's understanding of the South. As joint South-North communication take place with initiatives such as Inter-Korean economic cooperation, family re-unions, tourism interchanges, North Koreans gradually began to think of South Korea positively. Such recognition has continued even after the 7·1 Measures. However, most North Koreans are unfriendly to South Koreans, and those who have not heard of the South's aid to the North are rather hostile. Even though South Korean society is economically developed and the people are well off, North Koreans still believe that South Korea is a country that does as it is told by the U.S. North Koreans also believe that the South is rich because of the U.S. and Japan, and therefore, has to be brought down, even if through a war. According to *saetomins*, most North Koreans know that South Korea supplies humanitarian aid in the form of rice and fertilizer to the North. Unlike aid from China and Russia that was introduced shortly in the *Rodong Sinmun*, aid from the U.S., Japan, and South Korea is not well known.³⁸ However, the people are aware of the fact that the South aids North Korea, seeing rice bags and fertilizer sacks with the 'Republic of Korea' or the 'Korean National Red Cross' written on them.³⁹ The changes in how they think of South Korea can be seen through their preference for South Korean goods such as clothes, cosmetics, electronics and so on. Based on related materials, South Korean goods are sold without bargaining because people think that they are of high quality.⁴⁰ Since South Korean goods are targets of inspection, they remove the brand mark but let people know they are from the South using secret language such as terms like 'downtown', 'lower village,' etc.

³⁸ An Interview with a *Saetomin*, on 11, September, 2007.

³⁹ An Interview with a *Saetomin*, on 23, June, 2004.

⁴⁰ Good Neighbors, 『North Korea Today』, p.58.

Since the late 1980s, when South Korean pop songs and disco music was popular among North Koreans, CDs and video tapes of pirated South Korean soap operas, and films have often been circulated. Despite the strict punishments laid upon offenders at the central party level, referring to the controls of illegal CDs as “the clean-up operations to block the social and cultural penetration of anti-socialism”⁴¹, pirated CDs and video tapes of South Korean soap operas and films are rapidly circulated in border areas. Not only do adults enjoy the soap operas and films but the teenagers do so as well. In particular, teenagers react sensitively to such things and they imitate the characters in the tapes by singing the songs in soap operas or mimicking the Seoul accent.⁴² Since there are often crackdowns on the hair and clothes of teenagers to prevent the “golden wind” of capitalism from flowing in, the South Korean style is too popular. However, as students reach the senior class of middle school, they sometimes secretly imitate South Korean style within themselves.⁴³ According to *saetomins*, since the economic crisis, the experiences in China have especially served to provide momentum for North Koreans to renew their perception of South Korean culture. It began through the rumors passed on by the North Korean people, who go back and forth to China to get help from

⁴¹ Research Institute for North Korean Society of Good Friends, “North Korea Today”; Recently North Korean authorities keeps an eye on the trend to watch South Korean films among the people, especially among teenagers and highly punish those caught by watching the films. The punished and the family were deported to other places. As the punishment became severe after a declaration, the atmosphere treating the punished and their family as traitors is spreading. Moreover, it has been told that Bureau 109 is organized across the country and regulations are being continuously tightened., Research Institute for North Korean Society of Good Friends, North Korea Today, No. 90 (2007).

⁴² Research Institute for North Korean Society of Good Friends, “North Korea Today”, No. 61 (2007); No. 90 (2007).

⁴³ An Interview with a *Saetomin*, S012, on 22, January, 2005.

relatives or to conduct illicit trading, or through South Korean television broadcasts, magazines, etc. Moreover, they find out through the *chosunjoks* (Chinese with Korean ethnicity), who have been to South Korea, that what they have seen through broadcasts or magazines are not fabricated ‘propaganda’ by South Korea. The ‘6.15 North-South Joint Communique’ in 2000 was the instigation for the North Korean people to renew their perceptions of South Korean culture and helped the acceleration of the influx of South Korean culture among the people themselves. As the size and frequency of human exchanges between the North and South, such as in economic cooperation and tourism since the Common Declaration have expanded and increased, the level of curiosity or favorable feelings of North Koreans towards South Korean culture are increasing.

D. The Spread of Individualism and Materialism

The signs of change in the values of North Korean people began to manifest themselves by the end of the 1980s. As people experienced severe food shortages in the 1990s, the changes expanded and intensified, and to a certain extent, accelerated through the liberalization of the system. With the continuation of the economic crisis, including the food shortages, the values of North Koreans have changed from a group-centric, society-oriented one that prioritizes political ideology to an ego-centric, individual-oriented one.

According to *saetomins*, the 7·1 Measures have provided the momentum among the North Korean people to strengthen ego-centric, individual-oriented mental values, and especially strengthened the ego-dependent mentality of taking care of oneself with one’s own power, instead of relying on the government. As the rationing system ended after the 7·1 Measures, the mentality changed from the general understanding that life is guaranteed, if one is loyal

to the party and the government, to the thought of needing to become responsible for oneself,⁴⁴ which meant that among the North Korean people, the state-dependent mentality⁴⁵ was drastically weakened and the ego-dependent mentality was relatively strengthened.

Saetomins say that “individualist egoism,” which is “an ideology that one will live well regardless of what happens to others,”⁴⁶ among the North Korean people, has become more widespread than before. For this reason, the minds of the people have also deteriorating. Since the 7·1 Measures, the individualism within North Koreans has deepened, but the feelings of concern and care for one’s neighbors in difficult situations remains the same and the financially secure people also come forth to provide material and financial assistance to army and construction sites.

Since the food crisis, the most valuable thing for North Koreans has become money, and since the 7·1 Measures, the value they put on money has deepened. Since North Korea does not recognize private property (all goods are state-owned), and all production and distribution is carried out by a state-led system, before the economic crisis, the North Korean people had a rather superficial understanding of the value of private property and money. However, as the economic crisis has intensified, the North Korean people started to develop a new understanding of private property and the value of money, and have come to feel the importance and necessity of owning private property and money. This followed changes such as being able to own small amounts of farm land, buying

⁴⁴ An Interview with a *Saetomin*, P005 (South Hamgyeong, male), on 9, January, 2004.

⁴⁵ One of the general social consciousness in Socialist states, as well as North Korea is a dominant and state-dependent way of thinking. Jaejin Suh, 『Institutional Changes in North Korea after the 7.1 Measures: Bottom Up Reform of Market Socialization』, p. 106.

⁴⁶ (Edited by) The Publishing Company of Encyclopedia, 『Chosun Encyclopeida』 (Pyongyang, The Publishing Company of Encyclopedia), p. 258.

and selling between individuals, and buying and owning homes and electrical products. This had also been the result of the double standardization of prices into a state price and a market price. Although the market has various necessities, including food, one needs a large sum of money in order to purchase anything, and that is how ordinary people came to realize the importance of money. Thus, the perception or understanding of money has been strengthened since the 7·1 Measures. Due to the 7·1 Measures, the rationing system has, in reality, come to an end. The wage labor system has been introduced and the financial price received for labor every month has come to literally carry the value of an ‘allowance.’ Due to skyrocketing prices and the lack of goods since the 7·1 Measures, the North Korean people have come to feel the importance and the necessity of money. As the understanding of the importance and need for money among North Koreans has increased since the 7·1 Measures, the power of money across North Korean society has also been growing. For example, parents with money give school teacher allowances and some teachers show special attention towards the children of parents who give money. Even if one cannot participate in the agricultural mobilization and social labor, it is easily resolved with money. If one has money, it is possible to obtain a university degree, and change jobs, which in theory was known to be impossible. The diversion from work, and absence without notice was not difficult with a university degree. Since the value of money increased after the 7·1 Measures, the people who have displayed similar attitudes and abilities to those shown by the authorities, have been the ‘money suppliers.’ ‘Money suppliers,’ who take the role of financial supporters, is the term generally used to refer to people with a lot of money. The term money supplier appeared from 1995, and these are people who work within legal institutions.⁴⁷ Ninety percent of the money suppliers are involved in foreign trade, and the rest are traders who

engage in brokerage on a large-scale or are related to and supported by overseas relatives.⁴⁸ Moreover, there are many money suppliers among the overseas Koreans who have been repatriated to North Korea as well as Korean Chinese, who have been known to be generally involved in usury and private loan businesses.

Teenagers in North Korea also want to enter universities and envy university graduates. They prefer jobs only open to those with a university degree. The parents also want their children to go to university and to be educated. Thus, the social atmosphere can be seen through the powerful and wealthy classes helping their children with power and money and in the cases of people unlawfully earning university degrees. However, according to *saetomins*, since the economic crisis, it has been impossible to get a job, even with a university degree, and the ability to choose one's own job has become impossible. People now live thinking that "one only needs to run a business to do well." Since the economic crisis, North Koreans have been committing themselves to jobs that "earn a lot of money" or to jobs with extra income in the form of money or goods, in order to resolve the problems of survival at hand. They also want to save their wealth. Such tendencies have been known to have deepened since the 7·1 Measures, and can be detected through the situation of enlisting in the army or joining the party. Before the food shortages intensified, North Korean teenagers aspired to join the army, which was the next thing to do after going to university, because after being released from the army, it would be more advantageous for them to enter the university or join the party. However, as the food shortages deepened, cases of malnutrition and death by starvation among soldiers appeared

⁴⁷ An interview with a female North Korean defector in China, A00, on 12, May, 2007.

⁴⁸ Good Neighbors, 『North Korea Today』, p.55.

more often, and the sentiment of wanting to avoid joining the army spread among teenagers. Parents also did not want their children joining the army. In addition, as it became harder to maintain lifestyles as the food shortage magnified, instead of becoming party members, North Koreans endeavored to find food to feed their families and to earn money to secure their lives. Since the food shortages and economic crisis, the North Korean people no longer place much credence or status of being a party member and such a perception has remained since the 7·1 Measures. However, in the past, becoming a member of the Labor Party was a way to earn the trust from the party and the state, which meant a rise in social status. Additionally, becoming a party member was not only for the individual, but also for all family members and such status was an honorable and emotional event fit for a congratulatory celebration. Thus, the preference for becoming a party member has not declined much, and the perception or feelings towards party members seem to differ according to one's individual living conditions.

V. Changes in Educational Policy and the State of Education

1. The Deterioration of Public Education and its Privatization

A. The Crippled Operation of School Education and its Restoration

During the 1990s, an economic crisis swept the country with a devastating impact on every part of society, including education. Natural disasters and a year-long economic crisis destroyed the facilities and materials necessary for school operation. Some teachers and students were unable to attend schools for a long time. As a result, the quality of education declined and the authority of teachers has been undermined.

It was a decline in student attendance that caused the most daunting problem in operating schools after the economic crisis. Although it differed from place to place, the rate of decline in student attendance generally started during the early 1990s and remained extremely low during the era of the “Arduous March”. The reason

that many students were unable to attend schools during this period was either they were too hungry to go to school or they had to assist their parents in selling products and gathering alternative foods to eat. Nevertheless, attendance has not recovered to the rate prior to the economic crisis. An observation by UNICEF in 2004 uncovered the tendency of long-term absences and a 60-80% attendance rate each season.⁴⁹

Teachers were also affected by the food situation, which had given them no option but to leave schools. Some teachers involuntarily remained in schools even after the cut off of food distribution in the mid-1990. When the food shortages persisted, it was no use forcing teachers to remain; they were permitted to leave, in turn, to get food, while the other remaining teachers took care of the students.

Another way for teachers to sustain their lives was to rely upon their students' parents. Unlike workers in factories who can eke out their living by secretly taking some products they have produced home or stealing some parts of machines for resale, teachers did not have any alternative means of survival, except for depending upon parents. Some parents helped teachers voluntarily, but as the food situation worsened, both parents and students were asked directly to bring food to their teachers. Moreover, "underground deals" between students and teachers trading food for grades were not uncommon. This in return, further undermined the authority of teachers and their social status.

⁴⁹ UNICEF(2006). Analysis of the Situation of Children and Women in the Democratic People's Republic of Korea (2006), p. 57.

B. The Decrease in Government Aid and the Increase in Private Spending for Public Education

There has been a dramatic decrease in government aid for public education due to the economic crisis. Despite an effort made by the government to restore public education after passing through the era of the Arduous March, it has failed to provide more educational support to every school and student. Instead of the government taking responsibility for education, parents had to take care of their children's public education.

The most apparent hardship for students was the shortage of textbooks. According to testimonies from witnesses to this period, since the 1990s, only five to six textbooks have been provided to each class and it is presumed that the situation has not changed up until now in most places. Now students themselves are responsible for their broken chairs and desks. Preparation of educational materials for teaching and undertaking experiments is also in the hands of teachers whose only means are to depend on the help and goodwill parents.

Facing financial difficulties in providing public education for all, the government has manipulated and engineered a passion for education in the people, with the intent to restore the broken infrastructure of public education. Thus, in practice, the cost of operating schools and improving the quality of education had been given to well-off parents and students, and this trend became more typical after 2000. The concept of spending private money for public education, which may benefit the entire community rather than the payers themselves, does not seem to be welcomed by most North Koreans who are now very well aware of the value of "money" and the power of the "individual". Some North Koreans have commented that "It would be better to pay official fees. Otherwise, we are asked to pay all kinds of informal fees."

Conditions are equally bad in universities. Except for a few privileged universities⁵⁰ that are granted government aid for the maintenance and improvement of the teaching environment, the faculty and students in most of the universities bear all the expenses. It is believed that only those able to afford all these costs can attend university.

The decrease in government funding for education and the subsequent increase in private spending brought about negative consequences in terms of the government's own ideology, which had supported free education since the liberation. Some North Koreans commented that "the government is no longer protecting us, because it is not the state but the people themselves who should buy all the necessary products from shoes to notebooks."

C. The Advent of Private Education

In line with an increase in private spending for public education in the mid-1990s, there has been a significant change through the so-called advent of private education. Private education had existed prior to the 1990s, albeit not as a very popular option, in the form of private tutoring especially in the subjects of art and sports. However, as the subjects covered by private education extended to various other subject areas since 2000, private education took on a new aspect that was clearly distinguished from the previous time.

Since 2000, the laws of supply and demand have contributed to a sharp increase in private education. From the demand side, there was an increase in the number of special secondary schools

⁵⁰ Privileged university refers to three main universities that include Kim Il Sung Juonghap Taehak, Kim Chaek Kongop Jonghap Taehak and Koryo Songgyungwan Taehak, in addition to tens of other universities which specialized in each area of studies.

called Middle School I. In response to the nationwide establishment of Middle School I in the mid-1990s, a school with a better record received more funding from the government, and in return, the students' intellectual aptitudes and potential to enter university relies heavily upon the school they attend.

The other side of the demand element at work here came from the diversification of the economic status among people by origin, social network and personal ability to adapt to the market economy, which is a phenomenon which appeared after the Arduous March. "This is the time when people who had achieved economic success realized that they should educate their own children to improve their future standards of living." Prior to the mid-1990s, people preferred making money by operating their own business to studying at a university. However, a number of policies introduced in early 2000 resulted in more people attending universities. One of those policies was targeted at party officials. In early 2000, Chairman Kim Jong-il ordered that a university diploma would be a mandatory qualification for party officials, in addition to the loyalty and military service certificate. Additionally, the conscription-based military service system and the affirmative action system for retired soldiers contributed to an increase in private education. It is reported that North Korea introduced a new system of military service in early 2000. The new system obliged every single man to fulfill his duty for military service and permitted a certain number of retired soldiers to enter university. As a result of the increase of those completing military service, graduates from Middle School I were only able to enter university upon their graduation. Accordingly, it became very competitive to enter Middle School I and university. Thus, upper-class families need to pay for private tutoring to prepare their children for better schools.

From the supply side, the fact that teachers regarded private tutoring as an alternative to sustain their lives after the economic

crisis, has contributed to the increase in private education. Although there is no exact data available on the extent of private tutoring, it is a widely held opinion among North Koreans that “private tutoring is widespread among those interested in their children’s education.” At some point, private tutoring was no longer a secret and there was almost no regulation against private tutoring from the government.

Nonetheless, it is too early to say whether private education has replaced public education, or has started to play an important role in education. Besides this, private education is not yet institutionalized like *hakwons* (private institutes) in South Korea. One thing is for sure, and that is the advent of private education has implications beyond what we see, and this includes changes in people’s perceptions of education. In other words, whereas in the past, people regarded education as a public sector business, as was the role of teachers, now education is partly regarded as a private sector business due to the advent of private education in 2000. The advent and growth of private education is a very important indicator that enables us to predict the future direction of education in North Korea. This is because there is some room for consideration as people are experiencing private spending for education and that the reward of their own investments in this area go to individuals, and not the state.

2. The Advent of Development Education and Gifted & Talented Education

A. The North Korean Version of Development Education: Pragmatism in Education

The North Korean version of development education, which emphasizes pragmatism in education, has been very popular since

2000. First, ‘pragmatism in Education’ stands for fostering human resources in the field concerned over a short period of time by strengthening education in science and technology, and particularly Information Technology and computer skills. This is in line with the national policy of investing in science and technology as an important means of survival.

Secondly, pragmatism in education puts an emphasis on the principle of choice and competition rather than egalitarianism. This is reflected in the expansion of education for the gifted and talented in the secondary and higher levels of education. In November 1998, Chairman Kim Jong-il highlighted the direction towards pragmatism in education and ordered the establishment of a Middle School I in every city and district. The point of this measure was ultimately “to improve the quality of higher education” by expanding the gifted and talented education, which was only partly implemented at the secondary level in the past. In pursuit of this goal of improving the level of higher education, some of the qualified students sent to Middle School I are eligible to enter university.

Thirdly, an emphasis was placed on the improvement of students’ exam grades and abilities when teaching, measuring and selecting the education to be provided to a given cohort of students. Some North Koreans have commented that in the process of selecting students who will receive the gifted and talented education and in deciding when to teach these students, the focus has shifted from producing a few very able students to turning out many average students.

In North Korea, where only a restrictive amount of educational material is available, the concentration of resources to a carefully selected number of students, rather than the improvement of the bulk of the average students seems like a strategy to maximize the benefit of education.

B. Education for Development: Computer and Information Technology Education

Computer and IT education is regarded as the most important area of teaching for national development. Even in the early 1990s, computer education was partially introduced to schools for higher education in order to produce experts in science and technology. Later, in 1998, computer and IT education was included in the regular curriculum. Between the late 1990s and the early 2000s, when the early education system was introduced to cultivate human resources specializing in this area, computer and IT education became more popular than ever. Nonetheless, teaching conditions are not very favorable and the level of computer education very varies depending on the school.

IT education was conducted in two different forms. One was intended to develop IT experts through education in the privileged universities and research institutes, and the other was intended to produce IT staff through education in colleges for computing and information technology as well as in general universities. Among the privileged universities providing education for IT experts are Kim Il Song Jonghap Taehak, Kim Chaek Kongop Jonghap Taehak, Rigwa Taehak, and Chosun Computer Center. The institutes for producing IT staff include Computer Kisul Taehak, Pyongyang Print Industry Taehak, Hamheung Chemical, Industry Taehak, and Lajin Marine Taehak.⁵¹

Emphasis is placed on the ‘rapid completion’ of IT education at a university. This is to meet the growing demand for human resources in the area of Information Technology. For example, the curriculum of Computer Kisul Taehak lasts only 3 to 4 years, which

⁵¹ Song Kyung-jun, “Bukhanui IT Gyoyook hyunhwangka teukjing (The Situation of IT Education in North Korea and its Features,” pp.15-34.

is 6 months or one and half years shorter than that of a general university. In addition to cultivating experts in computing through school education, educating the general public and party officials to enhance general computer literacy is considered equally important.

In spite of all these positive measures to improve IT education, there are many challenges to overcome. First of all, it is very difficult for North Koreans to receive the latest technology, although such technology is internationally available, as they do not have a direct channel to communicate or interact with other countries. Secondly, the connection between IT education and industrial development is not very close because the facilities in laboratories and the machines in factories are too old and neither the demand side of the market nor profits are taken into consideration in the research subject. To overcome these obstacles, North Korea is trying to send people to study abroad or to carry out research visits for short periods. This indicates that North Korea should do more to open up its doors for the purposes of development.

C. Changes in the Education System from an Egalitarianism-centered System of Education to Gifted and Talented Education

In the late 1990s, the public education system in North Korea was redesigned to produce talented people in each area including Information Technology. However, until 1970s, the argument for gifted and talented education was criticized on account that “this sort of education discriminates (between) the students who trail behind talented ones.”⁵² In 1984, when Chairman Kim Jong-il ordered the establishment of Middle School I in Pyongyang, and

⁵² Social and Science Institute, “Theory on Socialist Education based on *Juche* Ideology” (Pyongyang: Social and Science Institute Publication, 1975), pp.87-88.

in 12 provinces in the following year, North Korea began gifted and talented education at the secondary level. In March 1999, there was an order to establish a Middle School I in every city, county and district. Thus, now the total number of Middle School I's stands at around 200.

Taking steps to expand the number of Middle School I in the late 1990s was qualitatively different from previous measures. Whereas only a small number of talented students selected through a nationwide competition could receive gifted and talented education, a more complicated method was adopted to categorize every student by his or her different level. This different system gave more weight to classification and hierarchy rather than selecting a small number of good students.

The changes to the system are also reflected in the selection process of students who went to Middle School I's. Only those who were able to pass several exams in their 4th grade of primary school are qualified to enter Middle School I's. Moreover, a certain number of dropouts are replaced by the students from a regular middle school who passed a special exam to transfer.

In addition, various measures are implemented in order to strengthen gifted and talented education at the secondary level and above. For example, special classes for math and biology were introduced in Pyongyang Middle School I and Doje Middle School I. These special classes placed more emphasis on math and the natural sciences while other subjects receive secondary importance.

To ensure continuity in gifted and talented education at the secondary level, this type of special education at the higher levels was also highlighted. One of the measures was to permit graduate students from four major universities, including Kim Il Sung University, and those who passed the exam, to take a doctor's course in 2002.⁵³ From the mid-2000s, major colleges for engineering and science partly introduced special classes and optional courses.

Recently, students were required to make their own curriculum based on their capabilities, talents and reasons for studying for the purposes of differentiated education.⁵⁴

A series of new measures intended to strengthen gifted and talented education and to introduce a differentiated educational system ran in direct contradiction to the principles of egalitarianism that have been consistently held since the liberation. Establishing an extensive number of Middle School I's resulted in a concentration of the already limited educational resources in these schools. It is said that the level of regular middle schools has dropped and both students and teachers were no longer motivated, because only a restricted number of students from these schools could enter university. The public often recalled the time of regular middle school as a "school of ease", because students were not taken care of and were often treated as a form of public labor.

It seems that the public generally agreed with the idea of gifted and talented education at the secondary level, despite negative opinions with regard to the classification of the students based on their academic achievements. In the context of the current North Korean situation, it seems better to train one very promising student rather than produce hundreds of average students.

3. The 'Modernization' of Education and the Expansion of Corruption

A. Improving the Educational Method and the 'Modernization' of Education

For the purposes of 'pragmatism', maximizing the outcome of

⁵³ Chosun Central Statistical Yearbook, 2003, p. 194.

⁵⁴ Education Newspaper, August 16, 2007.

education is required, and in return, it is necessary to increase the quality of education. Accordingly, in North Korea, various efforts to improve the quality of education have been taken, such as the improvement of teaching and exam methods, the application of various facilities including computers, and adjustment of the curriculum. In particular, ‘intellectual education’ is emphasized as a standard when looking to improve the educational methods across the primary, secondary and higher levels of education. An ‘intellectual education’ for students is “to comprehend what they learnt through their own language and thinking.”⁵⁵ This is based on the belief that an intellectual education is the most appropriate method to develop scientists and technicians who need an abundance of intellectual skills such as thinking, observing, memorizing and imagining.⁵⁶

Improving educational methods is at the center of intellectual education. At present, a teacher-centered approach or a lecture-type approach is primarily used in North Korea. There is an element of self-criticism in North Korea regarding these forms of instruction; “memory work is similar to the storage of information in a bin”.⁵⁷ It is further argued that for intellectual educational purposes, “teachers are required to be a facilitator and a guide who can lead students to think and reason in a logical manner, instead of

⁵⁵ Choi, Chung-ee, “Jineungkyosoowa Ggaewoocheojoonun Gyosoobangbeop (Intellectual professors and educational method for comprehension),” Education Newspaper, April 20, 2006.

⁵⁶ Gang, Dong-chun, “Jiseungkyoyookeul ganhwahaneungoteun woosohan gwahakja, gisooljahoobileul kiwaoonaegi uihan joongyohan dogoo (The reason for strengthening intellectual education is for growing excellent scientists and technicians),” Faculty Newspaper, February 5, 2004.

⁵⁷ Lee, Young-bok, “Jeongbosanubsidaui yogooae matge gyooyookbangbeobeul gaeseonhaneungoteun silleokitneun hyeokmyounginjaeyookseongui joongyodambo (Improving the educational method in a time of Information and Industry guarantees the qualified people for revolution),” Education Newspaper, January 27, 2005.

delivering information unilaterally.”⁵⁸

Recently, it has been suggested that the educational method, especially for examinations, should be improved to raise the quality of education. The current examination method is designed to answer only simple questions, which is by no means an effective method for students who only cram during the exam period and rarely study for any other reason. Therefore, improving the examination method to a method that enables teachers to measure students’ abilities of “logical reasoning and application”⁵⁹ is needed. In spite of the introduction of numerous studies and best practices related to the improvement of examination methods, such as diversifying the type of questions and methods of assessment, not many exam methods are in fact practiced.

Developing educational material by using the latest scientific technology and applications is also emphasized as a way of modernizing education. In particular, the modernization of education in universities includes the use of electronic media such as e-books, DVDs and video pictures as well as the use of distant learning through CMI (Computer Managed Instruction) and CAI (Computer Assisted Instruction) for computer simulated experiments. For instance, a distance learning center was established at Kim Chaek Kongop Jonghap Taehak on January, 2007 and both real-time and non-real time lectures have been simultaneously provided. The university is planning to use these systems in partnership with other universities in cities and factories.⁶⁰

There have been various attempts to bring about changes in university education, such as combining departments, decreasing

⁵⁸ Cho, Young-cheol & Kim, Cheol, “jineunggyosoobangbeobeul jeogkeuk tamgoohaenagaja (Let’s quest for method of intellectual education),” Education Newspaper, July 28, 2005.

⁵⁹ Education Newspaper, February 1, 2007.

⁶⁰ Education Newspaper, February 25, 2007.

the hours of classes, and introducing a system of grades and optional courses. This is similar to what Chinese universities, during the reform and open the door policy period, underwent in order to promote greater effectiveness.

B. The Spread of Practices: Corruption and Injustice

Various efforts to improve the quality of education were ultimately intended to increase the level of university graduates who are then to play leading roles in the country's industries. However, this attempt is being challenged by the social customs of corruption and injustice when students enter school or take exams. After the economic crisis in North Korea, informal networks based on private relations have been expanded, and people use this network as their survival strategy. In the late 1990s, in the course of entering university and completing courses, this network was also widely used.

The level of university education and the graduates who studied at these schools has declined sharply, as a massive number of unqualified students entered school through essentially corrupt practices in the late 1990s. There existed a means of illicit entrance based on personal relations even before the period of the economic crisis. Economic difficulties, however, led to the practice of the illicit entrance to schools by means of personal relations, the "chronic pathology of socialism", and through the petty corruption entailed in the struggle for daily survival. Food and other goods needed for the operation of schools were secured by turning a blind eye to the practice of illicit entrance to schools.

Since 2000, the number of illicit entrance to schools has grown and has become more closely connected with financial corruption. Before the 1990s, illicit entrance to schools were mostly based on personal relations, and material rewards were secondary. At most,

a watch and a few good bottles of wine were given as a reward. In the contemporary forms of corruption, however, money is at the center, although traditional avenues of reward are still practiced. It is said that the amount is fixed according to the level of the university and department. Nowadays, people offer a bribe not for a favor but for illicit entrance to an educational institution. Whereas only a few students illicitly entered universities before the economic crisis, currently, most of the students, except for a few very talented ones, enter school on the condition of offering a bribe regardless of the cost.

It is not likely that students using illicit entrance methods completed their courses without any problems and achieved higher levels of academic achievement. There is also the problem of regular students or retired military men who may not illegally enter school. In order to complete their reports and dissertations, students who lag behind ask for help from talented students on the condition of gifting stationary items or food. Bribing faculty members for better grades and in order to complete a course was very typical forms of corruption in previous years. However, this previous form of corruption involved the purchase of information regarding exams or obtaining better grades by giving a bottle of wine or a few packs of foreign cigarettes to teachers. This was formerly viewed more along the lines of the giving of gifts rather than as bribes as such. At present, it has become quite common knowledge for people to know the exact amount of money they need to pass an exam or complete a course. On top of the individual bribes for grades, all students in a class are expected to pay fees for exam preparation, and the amount is increasing. It is without doubt that the quality of university graduates is decreasing gradually in contemporary North Korea, where illicit practices regarding entrance to university and corruption in the form of bribes and gifts for better grades are widespread.

VI. Conclusion

Whether it is North Korea or any other countries in the world, the most notable point in state politics is how power is exercised within a country, which has a strong correlation with the ruling ideology, power structure and political elites. The ruling ideology makes it easier to exercise power, while the power structure is the stage on which that power is exercised, and the political elites are the subjects exercising that power. Since the late 1990s, North Korea has shown changes in all three of these aspects.

First, while adhering to the '*Juche*' ideology as its main ideology, North Korea strives to create a 'military-first' ideology as the practical ideology, as well as 'Kimjongilia.' However, it is uncertain whether the military-first politics and ideology are internalized within the North Korean people as intended by the North Korean government. A *saetomin*, who had been a lecturer in political studies, said that the people "are tired of political learning and its content."

What should be taken notice of, along with the military-first

ideology, when looking at the ruling ideology, is the introduction of ‘practical (*silli*) socialism.’ ‘Practical socialism’ is materialized internally through the adoption of market economy forces, the so-called 7-1 measures, and externally through the pursuit of normalization in international relations with traditional enemy states. In the future, it is highly likely that ‘practical socialism’ and the military-first ideology will combine and develop into ‘military-first practical socialism’.

‘Although the *suryong* system still remains in existence in terms of the power structure, it seems that it is being ignored by the North Korean people due to the decline in the functioning and authority of the party. The party is the heart of a sociopolitical living being, while the party structure is akin to the veins supplying the blood from the heart, and thus, it must perform such essential functions and play the role of a ‘transmission belt,’ which delivers orders from the brain to its arms and legs. However, although the central party is properly functioning, as it gets lower to the peripheral parties, including the local parties, it is clear that they are not properly functioning. This is because the lower parties and local parties, which have broken down in the aftermath of the ‘Arduous March,’ the commands and orders of the central party have not been passed down to the lowest parties and have become stuck mid-way.

Another prominent change in the power structure is the strengthening of the National Defense Commission. Recently, there have been a great deal of evidence supporting the conclusion that the National Defense Commission has sub-organizations. It seems that the present National Defense Commission is expanding and reorganizing into an organization controlling and managing the important and serious national affairs like the Blue House cabinet or the National Security Council.

Considering the fact that the shift in generations has operated as the instigator of a natural change, which cannot be prevented by any power or system, it has always been the subject of interest, when analyzing the changes in any system or power structure. When classifying the generations according to their political and socioeconomic experiences, the first generation of the revolution is the anti-Japanese partisan generation, the second being the war and post-war recovery generation (*Chollima* generation), the third being the third generation of the generation of the revolution, and the fourth being the subsequent generation.

Although the first and second generations make up the top class in the power structure of North Korea, the generation that plays the pivotal role is the third generation, and a shift in generational power from the second generation to the third is especially discernable in the area of business with South Korea. The third generation has been the central power to the third revolution and has devoted itself to laying the foundations of the sole ideological system in the early 1970s. Moreover, it had also experienced the heyday of Socialism. It is possible that people of the third generation have still an intelligible revolutionary spirit and an identity at one with the system unlike anyone else, since they have directly experienced great benefits from the state and have received a fine socialist education. Therefore, when predicting the changes in the North Korean power structure, they clearly need to be the subjects of more in-depth research.

On the other hand, while the state of supply shortages continued after the 7·1 measures, North Korean economic policies were carried out to reduce the demand in the national budget by drastically adjusting the planned economy, which had been loosely operated, and granting autonomy below. Moreover, by reorganizing the already widespread markets into the form of state-controlled enterprises, the state has been reducing the planned maintenance fee by saving

the cost generated from regulations and increasing their financial income from managing them within the framework of the planned economy. In addition, another noticeable change is that the state is trying to increase materialistic incentives in general by making the cost of living itself a materialistic incentive from the individualistic point of view, and even from the point of view of the enterprises, materialistic incentives are imposed by allowing the self-distribution of foreign income, with the exception of the money due to the government.

Under such policy directions, the normalization of prices, the reorganization of the incentive system, the strengthening of the *Doklipchasanje* (independent profit system), the effective use of market for commodity trading, the introduction of collective markets, and the maintenance of the distribution system are all being promoted. The normalization of prices is intended to maintain the planned economy by reducing the gap between the state price and the market price. Moreover, the incentive system has changed to one of normalized production, since the ‘egalitarianism’ in distribution was recognized as the cause of economic policy failures. For the purpose of strengthening the independent profit system, public enterprises were permitted to have their own production and price indexes, except for the items of national and strategic importance. Moreover, the government also encouraged the public enterprises to find products in demand and to produce and sell them, as well as giving them the authority to independently manage the labor force. In addition, considering the fact that the supply in resources cannot be managed properly as with the planned supplies, the effective use of the commodity market is being emphasized. This is being done along with expanded reforms of the farmers’ markets into ‘comprehensive markets.’ These comprehensive markets, established in every region, are a unit system and have been set to run within the system of public enterprises with the

intention of not only reducing the cost of regulating the market, but also to increase the national income by collecting market fees and part of the incomes earned. Since the distribution system is at the root of the socialist distribution system, it was difficult to impose drastic changes on it, thus, it has been reformed in the direction of reducing the concomitant costs, while maintaining the distribution system on the whole. In short, while officially maintaining the distribution system, the government provided material incentives to farmers by increasing the government purchasing price and made the public less dependent on rations by raising the state price.

In conclusion, the key change within North Korean economic policies, with the 7·1 measures at the center, since the 2000s, was the pursuit of ‘practicality’. This ‘practicality’ was one that normalizes production by reducing insecurity through reforming the official system and imposing new incentives to organizations, while maintaining the essence of the planned economy.

The official changes in the system carried out by the North Korean government, in order to overcome the problems caused by the economic crisis, and the methods learnt and realized by the North Korean people in undertaking economic activities have transformed the livelihoods of the people and their mentality in general. First, the people have become more autonomous and active after the ‘7·1 Measures’. Once private trading became legal, due to the 7·1 measures, the attitude towards work became much more active, which led to a rapid increase in private economic activities. However, the living conditions of the people worsened, as inflation broke out, due to the surge in the amount of currency in circulation because of the overall increase in wages, and with the concomitant rise in the cost of living due to the lack of commodity supplies.

Since the 7·1 measures, a distinctive feature found in the lives of the North Korean people is the rise of a new group of rich people and in consequence the deepening of the phenomenon

whereby the rich get richer. The strengthening of the incentive system, in order to increase productivity, has either generated higher wages or increase the number of people who have earned large sums of money through private businesses; while on the other hand, the rest of the people have become poorer because their benefits from the government have declined. In addition, ‘anti-socialistic’ behaviors or acts of deviation have increased. Nonappearance at meetings for self-criticism, absence without leave, bribery, misfeasance and misappropriation of goods, illegal medical treatment, black-marketeering of houses, illicit trading across borders, thefts, assaults, and robbery are still continuing to take place. When compared to the situation before the 7-1 measures, instead of stealing private money or goods, crime has grown in scale, and now includes the theft of state-owned commodities.

There is a close correlation between such changes in the lifestyles of the people and the changes in their mentality. The changes in lifestyle causes changes in mentality, and the changes in mentality, again, changes lifestyles. As private businesses were legalized after the 7-1 measures, the social perception of capitalism and a commodity economy has become more positive and a capitalistic culture has been spreading fast. Even though the North Korean government emphasizes anti-capitalism, foreign pop-music tapes and movie CDs are brought in mostly by those, who go back and forth to China, and the information concerning the outside world is gradually being disseminated. Thus, the perception of South Korea, which was once negative, is also changing, and this can be detected in the preferences for South Korean products such as clothes, cosmetics, electronics, and so forth. Recently, the perception that South Korean products are good have spread far in the main markets of North Korea, therefore, ‘Made in South Korea’ products are being bought and sold at high prices without any bargaining being involved.

The most significant change in the mentality of the North Korean people is the change in value perceptions. As the economic crisis and the food shortages continue and as partial and limited liberalization expands, the value perceptions of the people have changed from essentially collective and society-oriented values, which prioritize political ideology, to those of ego-centric and individual-oriented values, which consider money and material comforts to be most important. For the people today, money is the most valuable thing. Following the 7-1 measures, the distribution system has in reality come to a halt, and the monthly financial salary in return for one's labor has come literally mean the same as a mere 'allowance,' and people have come to keenly feel the importance and the need for money due to the surge in prices and the shortages in commodities since the introduction of the 7-1 Measures.

Such changes in mentality have also greatly influenced the field of education. North Korea, which had been going through problems associated with the destruction of educational infrastructure, the discontinuation of classes, the degradation in authority of the teachers, and so forth due to the fallout from the economic crisis in the mid-90s, has been putting attempting the normalization of public education since the start of 2000. During the economic crisis, government assistance and support for school based education drastically dropped, and the costs have been passed on in entirety to the parents. Although the restoration of public education began after the period of the 'Arduous March,' this did not mean a balanced strengthening in state assistance for general public education.

The key strategy in education adopted since the 2000s, in order to make it through the economic crisis and strive for further national development, was a type of developmental educational theory, called 'pragmatism in education.' The specific content of it is first, science and technology education, especially in developing talented

individuals in the area of IT; secondly, the reform towards an educational system, which is based on the scouting out of talented students at middle and high school and educating them; third, the improvement in the quality of education and strengthening competitiveness.

Selecting talented individuals in the areas of science technology and computers at an early stage and intensively developing them has been specially chosen as the basic strategy in the development of competent people in the area of science and technology. In the late 90s and the early 2000s, the early education system for the development of computer prodigies was established. Even in terms of university education, classes for prodigies were created to strengthen individual education and to shorten the period of education, and the curriculum of the universities and doctoral institutes were connected, in order to promote short-course education, and also in order to produce young doctors in their twenties and thirties. Moreover, in the late 90s, more than two hundred No.1 Middle Schools, the educational institutions for middle school prodigies, were established, and the middle school educational system was restructuralized in the form of Pyongyang No.1 middle school, provincial No.1 middle school, No.1 middle schools of cities or counties, and ordinary middle schools. It can be argued that there has been a concentration towards the elite schools, not only in terms of educational resources, such as competent teachers or educational facilities, but also in terms of opportunities for entering university in the first instance.

In conclusion, the investment in national educational has been redistributed mainly to elite education in the area of science and technology; while on the other hand, it has become fixed into a structure, in which the parents are given a considerable share of the financial burden for public education, ranging from teaching equipment such as textbooks, stationery items, desks and chairs

to the school maintenance fees, which used to be provided by the government prior to the economic crisis. Simultaneously, a revolutionary change, meaning the introduction of private education, has also taken place. This has been the outcome of the economic class division generated by market expansion and the meeting of the demand element, the surge in demand for No.1 Middle Schools and university admissions, and the supply element, the difficulty experienced by teachers in maintaining their living standards or indeed survival since the economic crisis.

Thus, the decrease in educational investment in ordinary public education, the actual abandonment of egalitarian educational policies, and the expansion of the individual sphere in education have reduced the ideological effects of free education, which had so far been effectively maintained, as well as reducing the will of students to study in ordinary schools and, moreover, has adversely impacted upon the quality of education.

Aside from these changes, various policies aimed at enhancing the quality of education have been carried out, such as advancement in the methods of education and examination, the ‘modernization’ of education through, for example, the utilization of high technology. On the other hand, the policy distortion generated by socialist customs, such as the spread of corruption in entrance examinations and widespread cheating, and the general decline in the level of education have also taken place.

