

# MuckrakersBulletin

*A bi-weekly publication in support of informed public discourse.*

*Our hope is that we can help make sense of what you are reading in the press  
by providing some otherwise missing background information.*

*Upcoming are Bulletins will be again on North Korea, on Resistance and on NAFTA.*

*Inspired by I.F. Stone's weekly, Muckrakers Bulletin is published by Plainspeak.ca. It is available at no charge.  
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*Back issues are on Oil, Pipelines, Truth and Reconciliation, Big Data and Brexit.*

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## What kind of Country is North Korea?

### As we see it:

There is much good reading material now on North Korea's current relationships with the USSR/ Russia, Japan, the US and China. This is not surprising given on the real danger from the nuclear "stand-off" currently in progress.

This Bulletin will ask instead: **what kind of country is North Korea?**

Much written about North Korea as a country is of the "cold war propaganda" sort, or reflects the "ugly American syndrome" (and British) wherein, for example, it is said to be strange that in Korea one eats Korean food, not bacon and eggs for breakfast (sic).

If one considers only travel bans, lack of visitors and ideological conformity within its borders, North Korea is indeed a "sealed off" country as the story is generally told.

We think there is much more to be said. Some bits will be familiar; other bits were quite surprising to us. There is much more complexity to the story than we first imagined. We have drawn on many sources, but the information we found is often contradictory. This Bulletin tries to weave a coherent story, but needless to say, some of its information can be challenged.

We recognize that this Bulletin can only answer a small piece of our question. One cannot understand North Korea without knowing more of its history, the geo-politics within which it is enmeshed, the on-and-off trade and aid relationships it has had (before current sanctions) with South Korea, US, China, Russia and some OECD countries and especially the history of Japan-Korean relations.. Much of this is glaringly missing from this Bulletin and is thus material for another Bulletin (in about a month).



### **Basic facts:**

North Korea is a bit larger in size than Cuba or Guatemala, half the size of UK and less than 1/5 the size of Texas. Its population is about 25 million, about the same as Madagascar, less than Afghanistan and half the size of South Korea.

North Korea is more than 80% mountainous. The climate is bitterly cold in winter, warm and wet in summer. It is subject to severe droughts and serious flooding. It said to be very beautiful.

North Korea is all but racially homogeneous, although there is a very small Chinese population. Life expectancy is 70.4 years. The nuclear family is strong. Half of the population is between 25- and 54 years of age, with less than 10% over 65 years of age and 20% under 14. About 60% of the population is urban. Pyongyang is a city of over 3 million. Perhaps seven other cities have less than a million each.

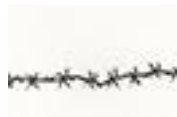
Mobility for citizens within North Korea is restricted. Migration to China and beyond (including South Korea) does happen through illegal border crossings but not in significant numbers. China treats North Korean refugees badly, mainly repatriating them. South Korea used to provide significant funding for refugees from North Korea but we believe it has ceased doing so.

Although the drive for unification with South Korea was and remains a (the) major driving force in North Korean politics, North and South Koreans have somewhat different histories, and by now speak different dialects.

North Korea is 100% literate (including rural areas). Personal taxes were abolished in 1974 (Ted Cruz take note!). Health care and education are free and much else is subsidized or provided by the state. The human development index rates North Korean as “high human development”. There are 2.4 doctors per 1000 population, about as good as it gets anywhere.

Calculation of the annual disposable income (one of the main indicators used to determine relative poverty) - \$1,300+ per person - suggests that, while North Koreans are poor by world standards (and certainly by South Korean standards) North Koreans (especially those in cities) have not always been as hard up as is often portrayed. It is said that the highest class people have access to houses, cars and other consumer and luxury goods. Most people in urban areas live in apartments.

There is North Korean Intranet (except in border areas where internet connections are possible). There are more than 3.5 million cell phones and a fibre optic network supporting telecommunications. North Korea manufactures all kinds of vehicles, and the streets are not free of traffic. Homes are wired for electricity in urban and some rural areas, but electrical power is sometimes in short supply. More than 200,000 airplane trips are made each year.



### **Culture and life:**

North Korea has film industries, and LCD television production.

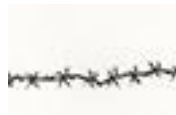
In Pyongyang, people are said to listen to radio (less closely monitored) and watch DVDs, including in some cases from South Korea. There are 4 TV stations. Mass games, art and performances in all media are strongly supported; movies are readily available, books deemed non-threatening to the regime (eg Anne of Green Gables, Da Vinci Code) seem to be available. But generally arts are supposed to serve the purposes of the regime.

Streets are clean and this seems to matter a lot.

There are said to be few depictions or discussions of sexual relations.

Old people play cards in the park, workers crowd trolleys at rush hour after work.

North Korean food is not spicy; chilies and garlic are not common. *Kimchee* is not a North Korean food.



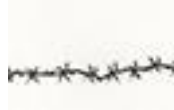
### **Governance: what it isn't:**

To be sure, North Korea has considered itself, and been treated as, a member of the communist bloc (however that is understood at different times). Historically its leaders have more or less viewed their approach as "communist" (although the political history is more complicated than this suggests) Its Communist party, the Workers Party of Korea, plays the central role.

North Korea has certainly been characterized as “communist” by those driven by anti-communism, including the first leader of South Korea, himself a virulent anti-communist and an authoritarian leader, and by the US.

But to call North Korea “communist” in the last few decades (as everyone is wont to do) seems to us misleading.

It long since parted company with Marxist-Leninism and it has had an on-off relationship over the years with communist-style policies in China and with USSR/Russia.



### **Governance: what it is:**

What North Korea *is*, unmistakably, is a family-based dynasty-dictatorship. It is characterized by a distinct and overwhelmingly dominant ideology and value system.

It prides itself on having exceptional military might, central state planning, tight state control with use of informers, gulags, show trials and the elimination of those determined to be state/class enemies. And yet, at various time, it has undergone some degree of economic liberalization.

The ideology has several strands: specifically: militarism, self-reliance and national pride, emphasis on racial purity and anti-colonialism.

There appears to be no equivalent to the *samizdat*. Whether the regime is best characterized as a “cult”, **or** as governed by fear and repression (like Stalinist USSR) **or** whether its citizens genuinely feel that what is on offer is worthy and more or less as good as their history will allow is anyone’s guess. Needless to say, there is no way to gauge how much “kitchen table” dissent exists, maybe very little given that North Koreans conceive of themselves as being in conflict with the rest of the world (basic sociology: conflict with outsiders unites insiders).

Outsiders always comment on the uniformity and simplicity of the message that thoroughly permeates the society through its symbolism, dictats, movies, literature and art. North Koreans appear to describe themselves proudly as having a unique culture, approach and way of life.

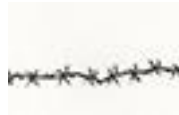
Within its ideological framework, class and family ties are crucial: A distinct and *de jure* class system has literally been established based upon ones loyalty, history and ties to the ideology of the state. North Koreans citizens know their family histories and their place within this class system. They expect their residence, education, jobs etc. to be determined by it. Family ties are deemed determinant, for example, in punitive matters that extend from the individual involved to three generations of his/her family.

There are elections every five years, but the Workers Party of Korea chooses candidates and permits no serious opposition, such that elections constitute something akin to referendums, albeit referendums that garner 100% of the vote in one direction. There are opposition

parties (with less than 5% of the vote) but they are said to be under the control of the Workers Party of Korea. There is an extensive network of organizations to which most Koreans belong. All are connected the Workers Party and/or the state.

There is a legal system, and a local judge-based court system.

Conscription is not compulsory, but the military offers a path forward for upward mobility, and military service is honoured.



### **History matters:**

Korea has been a distinct society for more than 700 years, maybe as much as 1100 years. For all of this time, Korea has lived within its existing borders.

As everyone knows, in 1945 the US and allies defeated Japan. As part of the surrender, the US insisted Japan leave Korea. On the advice of a young US advisor, Dean Rusk, it was decided that the *USSR* should get the northern part of Korean and US the southern part. The Soviets tried to find someone to carry out their will and they chose a communist they had never fully trusted, Kim il Sung over other possible leaders who might have embarked Korea on a different path.

Kim il Sung saw his role to rid North Korea of any opposition and to reunify Korea. And in 1952 as part of this agenda, North Korea invaded the south. It got all the way to Seoul before being pushed back almost to the Chinese border, whereupon the *China* entered the conflict.

The UN resolution that brought the US (and other countries including Canada) into the Korean War followed upon the North Korean invasion. Interestingly, *Russia* did not veto the UN Security Council resolution, seemingly because Stalin wanted the US to be enmeshed elsewhere than Eastern Europe. Moreover, Stalin appears not to have been a supporter of the Kims' approach, indeed a strong critic although until 1990, North Korea received much support from the *USSR*.

The war ended with a stalemate more or less at the older border point between North and South Korea, but there was never a peace treaty. In effect, the war continues. The present Korean government was formed in 1948.

The Korean War was brutal. Over 3 million Koreans (and more than 600k Chinese) died, and Pyongyang was flattened. More bombs were dropped on North Korea than were dropped on Germany in WW2. Napalm and chemical warfare were used.

There has been an on-and-off peace negotiating process, "peace" meaning (at various times) demilitarization, denuclearization and stabilization of relations with South Korea. Each movement forward in negotiations has been met with denunciations about failures to abide by the agreed upon terms, and each step has failed. (more on this in the later Bulletin)

But history matters. The legacy of Japanese colonialism, the ever-changing views of its erstwhile communist allies, the brutality of the Korean war and the unresolved conflict (and

demand for reunification) with South Korea express themselves in every interaction North Korea has today.



### **Economics:**

- There have been periods in North Korea's history in the last few decades where the country has achieved GDP growth (and until 1970's it surpassed South Korea, though clearly not thereafter), including a modest level of economic prosperity and improvement in living standards. For example, in 2016, it achieved its highest level of trade and state income, reflecting a few years of relatively strong growth (2016: 3.5% increase in GDP).
- Its GDP is estimated at about the same level as Zimbabwe, Laos, Cambodia and it is above the GDP in such countries as Nicaragua, Jamaica and Macedonia.
- There have also been long periods where "food shock" prevails and "severe decline" best describes the situation, especially in rural and border regions. The percentage of underweight kids today is estimated to be 15% (Needless to say obesity is not a problem).
- Though heavily industrialized, North Korea has suffered and now suffers from blocked supply chains of essential raw materials. Another drought is now in the offing that would produce severe food shortages and cut off economic growth of anything other than military production.
- To be sure, North Korea's focus has always been on heavy industry, energy and especially "military first" (*songun*) production (perhaps 30-50% of the of total state funds). There are 39 airports with paved runways, an airline company with modern jets as well as an unimaginable lot of military hardware and weaponry. In the last few years, emphasis has been on IT and electronic development to the point where it is likely that North Korea has considerable sophistication in these fields.
- The main industries are machine building, electrical power, chemicals, mining (coal, iron ore, limestone, graphite, copper, zinc, lead and precious metals), water, plant products and textiles.
- North Korea is rich in natural resources but has few areas with good soil quality. It exports coal among other things, and imports oil. North Korea is deeply affected by changes to commodity and oil prices worldwide.
- North Korea is also said to export arms, especially to African countries. It has been said that North Korea gains much needed foreign currency from the drug trade and cybercrime, using the latter to steal funds from other countries' banks.
- That said, North Korea is said to have "a sophisticated production environment". It has been called "the poorest advanced country in the world".



### **Central planning and not:**

North Korea prides itself on having a centrally planned economy. All major industries are state-owned or cooperatively owned. All the main economic priorities are determined centrally through a hierarchy of planning committees.

That said, at an earlier period, North Korea emphasized (at least rhetorically, and maybe practically) opportunities for local workers/farmers to make their issues known to party officials, on-site inspections (so as to collect good data on actual production). It offered material incentives to workers (This approach was called the *Ch'ongsan-ni* Method). There was also a North Korean management system (*Tae'an work system*) with some control being exercised by managers and engineers of local industrial production and with bonuses for workers paid from enterprise profits.

It is also said that a “local budget system” allows provincial authorities to be responsible for the operating costs of institutions and enterprises not under direct central government control, such as schools, hospitals, shops, and local consumer good production.

A recent experiment with creating a large “free” industrial zone, this one (as in China) did not succeed. Another experiment creating joint industrial zones with South Korea (factories located just north of the border. Note: North Korea is a very low wage economy) has been shut down, but trade data seem hardly affected.

Economic liberalism had progressed by 2016 to allow locally responsible and state industrial enterprises to give 20-50% of their output to the state, selling the remainder to buy raw materials with market-based prices akin to a free market. Firm level direction by the central planning agencies is not longer the norm.

Groups of individuals now start small enterprises. Food stalls (and pizza) are found in urban areas, although 70% of food distribution is done through a state agency.

By 2000, apparently, the average North Korean family drew 80% of its income from small businesses (technically illegal, but the law not enforced). As of 2104, farmers could keep 60% of their produce, hire and fire workers, decide whom they do business with and where they buy supplies.

After 2002, private markets for food sales became legal, and food shopping is often done in these markets although some part of the population still gets its food from the state distribution system. There are shopping malls in Pyongyang (reportedly selling ten different kinds of toothpaste!) Food production is strongest for rice, fresh fruit and apples, but historically low (even in good times) for protein, although fish is prominent.



## **Banking:**

In 2004-6, rules were codified for savings and commercial banking. Competing electronic cash cards are widely accepted in the cities, but not linked to bank accounts. Banks accept payments, for example, for cell phones. Meanwhile, it is said that North Korea has much of its cash reserves in banks in China (thereby avoiding sanctions?)

Foreign banks (Chinese) operating in North Korea were officially closed in 2014, but still operate in border areas and are used for foreign exchange.



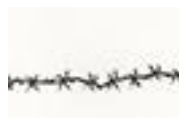
## **Foreign investment, Trade, Aid and International Alliances:**

At some periods, North Korea has welcomed and gained foreign investment. Most has now dried up, not just because of sanctions. North Korea had restricted currency outflows, pegging its currency at an official rate for foreign exchange purposes, a rate that is well above the market rate. North Korea also demanded reinvestment of profits within the country. In the past, it has defaulted on loans.

Before the very recent sanctions, North Korea had trade relations with South Korea. Until now, it has exported coal to China, its overwhelmingly primary trading partner in recent years..

During its economic hard times, North Korea has received extensive humanitarian aid from countries including OECD, the UN, the USA, Europe, and at some periods, from as its sometimes allies, Russia and China. Some claim it receives aid still, channeled through UN agencies, but it is hard to evaluate these claims.

North Korea is a signatory to many of the environmental conventions but not the IJC.



Sources include: BBC, The Guardian, CIA World Facts, everyculture.com, Wikipedia (in this case an excellent source) al jazeera, cnn/money, voa news, Metro and the Express (UK), EU ECHO, Migration Information Source, Investopedia, CNBC, Reuters, Bloomberg, The Economist, The New Yorker, Bulletin of Atomic Scientists and the New World Encyclopedia. Where we have read, but have no confirming source for the information, we use the awkward but accurate phrase "It is said that..."



