

1 Introduction: State, Society, and Markets in North Korea

To what extent is change taking place in North Korean politics and society? How has the growth of a market economy shifted state-society relations? Given the repressive, totalitarian nature of the North Korean state, the prospect for domestic change appears dim. Yet over the past two decades, the rise of formal and informal markets in North Korea has resulted in limited economic and social change. This includes the emergence of a new moneyed class (the *donju*) and a middle-class lifestyle for a growing number of urban dwellers in Pyongyang and a few other cities along the Sino-North Korea border and coastal ports.

The rise of markets in North Korea is undeniable. However, the extent to which markets are fostering change in state-society relations is debatable. Drawing on evidence from existing surveys and interviews with North Korean defectors and experts, this Element investigates the shifting relationship between markets, state, and society in North Korea. One school of thought remains more optimistic about change as markets begin to hollow out the state-controlled economy. The rise of markets facilitates the exchange of information, giving rise to new informal trust networks that partially operate outside the purview of government control. As North Koreans become increasingly dependent on markets rather than the state for survival, the regime's legitimacy and authority will decline – creating potential space for an emerging public sphere.

The second, and prevailing perspective among North Korea experts is that markets remain embedded within the state, and hence under the watchful eye of the regime. Government officials and state institutions are willing participants in markets. Markets supply state coffers with much-needed revenue, thereby keeping the regime afloat. The growth of markets therefore sustains if not strengthens the regime.

This Element evaluates these two contending views about the relationship between markets, state, and society in North Korea. If the growth of markets creates a gap between state and society and greater space for informal trust networks, horizontal information flow, and increasing opportunities for everyday resistance, we may begin to see greater prospects for societal change. However, if markets empower the state relative to society, we should expect much more limited change in North Korean politics and society. This is especially true if the regime manages to successfully co-opt market actors and take credit for expanding markets, ultimately keeping its legitimacy intact.

To make sense of North Korea today and where it is heading, I apply insights from the literature in political science on autocratic rule, civil society,

and state-society relations. I also draw on evidence from existing surveys with North Korean defectors, interviews with North Korea-based field-workers (i.e. foreigners who have lived or worked in North Korea), and information from official North Korean publications. In this opening section, I provide an analytical framework for understanding state-society relations in an authoritarian context. Section 2 focuses on the North Korean state and the regime's autocratic rule. Section 3 explores the rise of markets in North Korea and the symbiotic relationship between state and markets. Section 4 draws on defector surveys and expert interviews to address how markets have shifted state-society relations, taking a closer look at informal trust networks and a nascent public sphere. Section 5 concludes by addressing how external actors such as the United States, China, and South Korea, and exogenous factors such as the COVID-19 pandemic, have shaped domestic trends in North Korea.

1.1 The State and Authoritarian Control

Any analysis of state-society relations in North Korea must begin with the state given its totalitarian nature. As reported by the United Nations Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea (DPRK), the North Korean regime "seeks to dominate every aspect of its citizens' lives and terrorize them from within" (UNCOI 2014, 15). The state restricts freedom of thought, movement, expression, and religion. In addition to severe political repression, the regime controls access to information and keeps its citizens isolated from the outside world. Arbitrary detention, torture, executions, forced disappearances, and prison labor camps remain central to the state's coercive apparatus (Fahy 2019). The regime's multilayer surveillance system penetrates into the daily lives of North Koreans, including attendance at weekly ideological indoctrination and self-criticism sessions that is required of all citizens. Official discourse, symbols, and propaganda flood the public sphere as citizens become "habituated to the cult" of the regime and comply with its rules (Wedeen 2015, 147).

The North Korean regime is often cast as unique – a state that remains unparalleled in the contemporary world given the "gravity, scale and nature" of rights violations (UNCOI 2014, 15). North Korea may very well stand in a league of its own given its degree of isolation from the rest of the world. Yet, the country also follows familiar patterns of authoritarian rule found in other autocratic regimes, and especially in personalist dictatorships. The literature on comparative authoritarian rule can thus shed light on our understanding of the North Korean state.

Autocratic rulers rely on a combination of repression, institutional co-optation, and ideological legitimation to maintain control over society (Frantz 2018; Dukalskis 2017; Dickson 2016, 3; Svolik 2012; Gandhi and Przeworski 2007). Despite a variety of tools used to stay in power, authoritarian regimes frequently face the dual challenge of preventing mass uprisings while keeping elite challengers at bay. In the first instance, the “problem of authoritarian control” requires autocrats to address threats of popular opposition. In the second instance, the “problem of authoritarian power-sharing” involves maintaining a ruling coalition – a close group of associates that can bolster the dictatorship and help ensure the regime’s survival (Svolik 2012, 3–6; Bueno de Mesquita and Smith 2011). Although challenges from both above and below are addressed in this Element, a focus on state-society relations demands greater analytical attention to authoritarian control of the masses.

Through a combination of repression, co-optation, and legitimation, the North Korean regime has built a number of safeguards and mechanisms to prevent elite factions from challenging the Kim family dynasty. Potential challenges may arise from other institutions, most notably the military, the Workers’ Party of Korea (WPK), and the bureaucracies (McEachern 2010). However, the North Korean leader heads all three institutions in an effort to “coup-proof” the regime. Much like leaders in China (Shirk 2007), Kim wears three different hats as the chairman of the State Affairs Commission; chairman of the WPK; and chair of the Central Military Commission. Institutional coup-proofing, aided by a healthy dose of fear and material benefits distributed to power players closest to the regime (the so-called selectorate), helps keep North Korean elites in line with the regime (Geddes et al. 2018; Bueno de Mesquita and Smith 2011).

The regime relies on a number of different strategies to keep the masses under control. Byman and Lind (2010, 47) discuss three strategies to keep the population at bay: restrictive social policies, the manipulation of ideas and information, and the use of severe force. First, restrictive social policies preempt the possibility of opposition while creating dependence on the regime. For instance, the regime developed the Public Distribution System (PDS) to allocate food rations according to one’s *songbun* (social status), and thus keep the population in check. Loyal elites were rewarded greater rations, whereas members of the “hostile” class were given less and lower-quality food (Collins 2012, 57).¹ Although the PDS has ceased to function as an effective control mechanism since mass famine in the 1990s, close monitoring of all social interaction

¹ The PDS also regulated the distribution of clothes, housing, and daily commodities, in addition to food.

between individuals and within groups, has kept the population at bay (Byman and Lind 2010, 49).

The regime also controls and manipulates information to legitimize its rule and minimize dissent. This includes maintaining a cult of personality around North Korea's founder, Kim Il-sung, and his line of dynastic successors. North Koreans are constantly reminded of the greatness of their leaders, who are bestowed with honorific titles such as Eternal President, Supreme Leader, and Dear Leader. The state propaganda machine also promotes intense nationalism, evoking the threat of evil American imperialism and decadent South Korean capitalism to inculcate a martial spirit and strengthen state loyalty.

Meanwhile, the regime severely restricts access to outside information and limits contact between foreigners and North Koreans. Most North Koreans cannot connect to the internet, instead relying on North Korea's intranet system, which only allows North Koreans to see what the regime will permit. Radios and televisions are tuned to government-run stations. Evidence from defector surveys and interviews does suggest that the regime's grip on foreign information has somewhat weakened with the growth of a market economy. North Koreans with political connections and/or money are more readily able to cross into China and gain access to foreign radio broadcasts, movies, and South Korean dramas (Kretchun and Kim 2012; Baek 2016).² However, an elaborate surveillance system still makes it dangerous to communicate or exchange ideas that deviate from the party line. Neighbors who act as informants raise the risk of engaging in subversive activities.

Finally, severe and cruel punishment, including public executions, are used to suppress dissent. Through guilt by association, punishment for suspected disloyalty may include imprisonment of additional family members of up to three generations (Collins 2012, 7). In sum, the combination of restrictive social policies, ideological indoctrination, information control, surveillance, and violence have enabled the Kim family to stay in power for over seven decades.

1.2 Markets in North Korea

Although the state dominates every aspect of society in North Korea, one significant development that has affected state-society relations since the late 1990s has been the rise of informal markets. A more detailed analysis of rising markets is offered in Section 3, but for now it suffices to state that the growth of the informal economy may represent the single most significant change in North

² On the efficacy of foreign broadcasts, Kern and Hainmueller (2017) have found that foreign radio broadcasts from West Germany to East Germany had the opposite of their intended effect in that they provided more support for the East German regime.

Korea in the past three decades. Despite Kim Jong-un's aspiration to develop North Korea into a "socialist civilization" (*Rodong Sinmun* 2013, 2019), North Koreans increasingly rely on income earned from markets rather than the formal command economy for their livelihood (Kim 2017, 119; Haggard and Noland 2011).

Unable to do away with markets, and also recognizing the benefits of marketization (including the global trade of illicit and sanctioned goods) as an important source of revenue, the regime is attempting to regulate rather than completely shut down market activity. Markets now constitute an important part of everyday life in North Korea. In the short run, markets have forced the state to make policy adjustments including the decentralization of the command economy, even as it continues to maintain tight control over social and political life.

The longer term effects of marketization on state-society relations, not to mention the North Korean economy itself, remain unclear given the number of constraints and contingencies that factor into the regime's decision making. For instance, the trifecta of international sanctions, the COVID-19 pandemic, and a powerful typhoon in 2020 wreaked havoc on the economy, and likely everyday life in North Korea, forcing the regime to tighten market control and limit the flow of foreign currency (Wertz 2020; Babson 2020; Silberstein 2020b). Domestic political constraints, including the potential rise of elite challengers, and relations with external actors such as the United States, China, South Korea, and the United Nations, will also affect the regime's ability to pursue more fundamental market reforms and economic development.

Contingencies and constraints (and opportunities) notwithstanding, the rapid rise of marketization in North Korea has led to speculation about societal change (Dukalskis and Joo 2020; Yeo 2020; Smith 2015; David-West 2013). In particular, the spontaneous development of market activities – what Haggard and Noland (2007, 147) refer to as "marketization from below" – suggests a change in the nature of the relationship between state and society (Daily NK 2017, 5). To what degree the regime maintains control over markets, and the implications of bottom-up marketization, is debatable (Yeo 2020; Dukalskis 2016). Drawing on defector surveys, several studies indicate that most North Koreans participate in some form of market activity, whether as consumers or producers (IPUS 2020; Kim 2017; Daily NK 2017). North Koreans increasingly rely on markets, not the socialist state, to make ends meet. Juxtaposing the gap between the promises and ideology of the socialist state with the reality of markets and the "entrepreneurial spirit" (Hastings 2016) of North Koreans thus raises an important question about the legitimacy of the regime and greater autonomy for society.

1.3 North Korean Society

Civil society, at least as conventionally understood (i.e. organized social life that is “voluntary, self-generating, self-supporting, and autonomous from the state”),³ may not exist yet in North Korea. However, the absence of organized life independent of the state does not mean that shifts in state-society relations cannot occur. I briefly consider three different perspectives on civil society: as a public sphere, as associational life and networks of trust, and as a source of resistance. There is significant overlap across all three, but an emphasis here is placed on the public sphere and trust networks.⁴

Civil society as a concept is difficult to pinpoint as its meaning has varied over time and place and across different intellectual traditions (Alagappa 2004, 26). It can refer to voluntary associations, nongovernmental organizations (NGOs), civic groups, and social movements. Sometimes civil society complements the state by providing public service, contributing to good governance, and acting as an independent “watchdog” against state authority. In other instances, civil society is in opposition to the state, as witnessed by frequent protests and social movements against governments.⁵ Unfortunately, none of these different manifestations of civil society fully exist in North Korea. However, this reality should not deter us from exploring the dynamic relationship between markets, state, and society in North Korea.

1.3.1 Public Sphere

I look at civil society as part of the (nonstate) public sphere. Civil society exists largely in the public realm, thus excluding individual and family life as well as “inward-looking group activity” related to recreation and entertainment (Diamond 1994, 4). Yet, some scholars explicitly or implicitly include family or private gatherings in their conceptualization of civil society (Smith 2015, 213; Bendix, Bendix, and Furniss 1987, 14).⁶ Others place civil society somewhere between the private and public sphere. As Marc Howard (2003, 1) states

³ This definition draws from Larry Diamond’s (1994, 5) conception of civil society.

⁴ This is for both pragmatic and theoretical reasons. Pragmatically, it is difficult to evaluate empirically whether any associational life or opposition movements exist in North Korea. Theoretically, in an illiberal environment, the development of a public sphere may be analytically prior to the rise of oppositional movements.

⁵ Foley and Edwards (1996, 39) distinguish between these two conceptions of civil society as “civil society I” in which habits of association and horizontal networks foster patterns of civility, and “civil society II,” which emphasizes a “sphere of action that is independent of the state” capable of organizing resistance to tyranny.

⁶ As Smith (2015, 213) states, in North Korea, “one unanticipated effect of marketization was the rise of the family as the nexus of economic and associational life and the gradual displacement of collectivist, state-led priorities from private life.”

in his study of civil society in postcommunist Europe, civil society is conceived “as a crucial part of the public space between the state and the family.”

Describing eighteenth-century Europe, Jürgen Habermas (1991, 30) remarks that “the private sphere comprised civil society in the narrower sense . . . imbedded in it was the family with its interior domain.” As Habermas (1991, 27) argues, the public sphere “may be conceived above all as the sphere of private people come together as a public.” Under this view, the strength and vitality of civil society is not measured by the number of NGOs or the size and efficacy of mass mobilization, but by the vitality of an arena for contestation where ideas and discourse are debated (Edwards 2009, 8). In this Element, I examine the exchange of ideas and discourse that occurs among private actors and in the public space. It is at the intersection of the private and public realm where civil society is most likely to develop (see Figure 1). Thus civil society is conceptualized more as a space that can expand or contract over time rather than as an actor.

1.3.2 Trust Networks and Associational Life

Civil society as embodied in associational life is less likely to exist in an autocratic state such as North Korea. Although collective organizations such as the youth league or women’s union may organize individuals to “volunteer” for public works projects (e.g. village beautification projects or performances during national celebrations), these groups exist to indoctrinate citizens and supply the regime with free mass labor. However, increasing marketization may also help encourage the

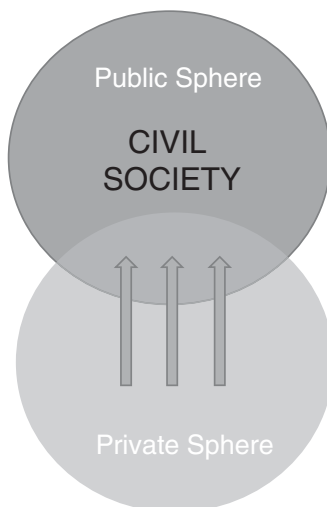


Figure 1 Civil society between the private and public sphere

formation of associational life through the development of social capital and trust.⁷ As Putnam (1993, 171–172) argues, “social trust in complex modern settings can arise from norms of reciprocity and networks of civic engagement . . . an effective norm of generalized reciprocity is likely to be associated with dense networks of social exchange . . . Conversely, repeated exchange over a period of time tends to encourage the development of a norm of generalized reciprocity.”

Although there are official, legalized markets in North Korea, a variety of black markets or informal markets also operate in North Korea. Low-level entrepreneurs such as street vendors may sell vegetables or cheap consumer goods in local currency, while wealthy business owners may build connections with party officials and managers of state-owned companies to obtain access to goods in China and secure transportation routes in North Korea. By offering state officials a cut of their profits, wealthier entrepreneurs enable their supply chains to flow uninterrupted. Needless to say, market participants must build a certain modicum of trust with others to survive in a politically uncertain, information-scarce environment.

Trust is built over time through repeated interaction, past experiences, and reputation. As Coleman (1990, 109) argues, “the reputation for trustworthiness is of central importance . . . because that reputation is quickly communicated among all those on whom the trustee depends for future business, that is, for future placement of trust.” Market participants may retaliate against cheaters, either individually or collectively, by damaging their reputation and ceasing to buy (or sell) from an individual. Hence, market rules or norms may develop, informing participants what behavior is (un)acceptable in the markets to protect the functioning of the wider market (Hastings et al. 2021, 36). Mutually beneficial relations, even if motivated by profit, may also generate social capital as “networks, norms, and trust” enable participants to “act together more effectively to pursue shared interests” (Jackman and Miller 1998, 49).

Civic engagement – at least that which is not in obligation to or coerced by the state – may be in short supply in North Korea. However, if North Korean markets create opportunities for social exchange, which in turn generate networks of trust apart from the state, we may begin to see a shift in state-society relations as trust, social capital, and reciprocity expand from the private to the public sphere.

1.3.3 Resistance and Opposition

Finally, some scholars are inclined to define civil society as “a sphere of action that is independent of the state and capable of energizing resistance against

⁷ Putnam describes social capital as features of social organization such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated action (Putnam 1993, 167).

tyranny” (Foley and Edwards 1996, 38).⁸ Those who see the rise of civil society as a means of challenging an authoritarian state or advancing regime change adopt this conception of civil society. The prospects of a bottom-up revolt in North Korea, however, appear remote (Cha and Anderson 2012; Lee 2012). Although not explored here, the possibility of collective action and organized resistance against the state nevertheless remains a tempting speculation, especially if the perceived gap between state and society widens.⁹

As implied above, most definitions of civil society tend to delineate state from society. In practice, however, the line between state and society is often blurred. While in many Western, democratic societies a dense network of voluntary associations and civic groups does operate independently of the state, in corporatist or social democratic states such as Germany or Sweden, respectively, organizations such as trade unions or employee associations may be integrated with the state. As Taylor (1990, 96) argues, “what occurs is an interweaving of society and government to the point where the distinction no longer expresses an important difference in the basis of power or the dynamics of policy-making.” Even in authoritarian regimes, states do not necessarily exist in opposition to society in that civic organizations may work in conjunction with the state to provide public goods (Teets 2014). Where society ends and the state begins may thus vary across different polities and political systems.

These different conceptions of civil society have a significant impact on how we understand shifting state-society relations. If one rigidly defines the realm of society as wholly independent from the state, then the prospect for civil society’s development in an authoritarian state such as North Korea is indeed slim given the regime’s heavy intervention in public life. However, by relaxing the boundaries between state and society, the potential for societal change looks more promising. Developments such as the growth of private networks that include ties to state officials in informal markets, or a gathering of friends and family watching the latest South Korean drama as the neighborhood watch leader turns a blind eye, may be more indicative of changing state-society relations.

1.3.4 Markets and Society

Although political scientists tend to focus on the relationship between state and society, earlier studies elaborated on the important role of markets in the

⁸ This view is found in the democratic transition literature. See Kim 2000; Linz and Stepan 1996; Ekiert 1997.

⁹ North Koreans do protest against the regime on rare occasions as witnessed in the aftermath of the regime’s 2009 currency reform debacle. See Lankov 2013, 129–31.

development of state-society relations. Hegel defined civil society as a sphere of market relations “regulated by civil law, intervening between the family and the state” (Alagappa 2004, 27).¹⁰ Markets provide the material basis for society’s independence from the state, with an autonomous economy serving as an “essential precondition for the conceptual differentiation of civil society from the state” (Schwartz 2003, 31). This process is further explained by Alagappa (2004, 27) who states, “With the development of the commercial state in eighteenth-century Europe, civil society, conceived essentially as a market-organized sphere of production and competition, came to be viewed as a distinct, legally protected public realm, separate from family and state.”

Jürgen Habermas (1991) also identified the role of markets in the formation of a public sphere. The growth of trade and commerce in eighteenth-century Europe led to the development of taverns, salons, and coffee houses along commercial trade routes. This in turn provided space where information about goods and prices, along with other news, ideas, and gossip of the day might be exchanged – thus giving rise to a bourgeois public (Habermas 1991, 30). These earlier insights linking markets to the development of civil society are worth considering when thinking about the rise of markets in authoritarian spaces.

1.4 Legitimacy, Ideology, and the Public Sphere

Coercion and fear are costly tools to maintain control over society, and few (if any) political regimes can survive long term on the basis of repression and co-optation alone (von Haldenwang 2017, 271). Dictators therefore rely on ideology to legitimate their rule. To this end, regime ideology almost always extolls the virtues of its leaders and their accomplishments. In personalist dictatorships, the legitimacy of a single leader is tantamount to the legitimacy of the entire political system as “the leader has been amalgamated with the ideas of country, nation, and state” (Frank and Park 2012, 34).

North Korea is no different in this respect; legitimacy and ideology remain central to state-society relations. The regime’s adoption of *juche* (roughly translated as self-reliance) ideology flows from the ideas and leadership of Kim Il-sung. *Juche* has been described as “expressions of North Korean particularism over supposedly more universalistic Marxism-Leninism” (Shin 2006, 90). It applies to “all areas of political, economic, and social activity” (Armstrong 2013) and reinforces the legitimacy of the Kim family’s “*Baekdu* revolutionary bloodline” (Young 2020).

¹⁰ However, Hegel believed that markets and private interests might occasionally lead to instability within civil society, requiring the state to then guide and give order to society. See Alagappa 2004, 27.