



The Markets of Pyongyang

by John Everard

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In 2006–08 Pyongyang had two kinds of markets. The first were “official” markets that had started out many years earlier as farmers markets selling only food but have since grown into officially sanctioned permanent structures selling also a wide variety of nonfood items. The second were the unofficial and unregulated markets—colloquially known as “frog markets”¹ because the traders would jump up like frogs and run off with their wares at the first sign of trouble²—which continued to sell mostly food. The markets reintroduced into DPRK society habits of trading and an independence from state supplies, which the regime had spent decades trying to eliminate. They acted too as centers of foreign-currency trading and of information exchange. Markets were hard hit by the regime’s November 2009 attempts to rein them in, but by late 2010 the official markets had largely recovered, although the frog markets had not.

There is no place for these markets in the DPRK’s ideology, and their continued existence presents the DPRK government with a political challenge. The frog markets in particular were acts of mass disobedience. Moreover, the markets already seem to act as foci for the exchange of news and ideas, a role that is likely to grow if the regime stumbles. The survival of the markets in the face of determined regime attempts to curtail them testifies both to their resilience and to the difficulties the regime now faces in enforcing its ideology.

This paper is based mainly on the author’s own experiences of the markets of Pyongyang, which he visited often during the nearly two and a half years he spent as the UK Ambassador to the DPRK from February 2006 to July 2008.

Introduction

Although the author had read extensively about the DPRK, including its markets, before taking up his posting there in

2006, nothing had prepared him for the variety of goods available, or the noise and color, of Pyongyang’s markets. These stood out as oases of vibrant life amid the general drabness of the city, and he quickly became fascinated by what they showed of the changes in the DPRK. For this was a time of change. Amid the tensions caused by the July 2006 missile test and the October 2006 nuclear test and amid World Food Program warnings of food insecurity outside the capital, smart coffee houses, spas, and even a hamburger restaurant were opening in downtown Pyongyang for the benefit of those few North Koreans with cash to burn; and the offspring of the elite were starting to wear bright Western-style T-shirts. The markets fascinated the author too because they did not fit with what the DPRK purported to be. These developments were a living indictment of the regime’s economic and political failure.

Except on a few points of detail, the author does not seek to challenge existing literature on North Korea’s markets but to complement it with accounts of what Pyongyang markets looked like on the ground. He does not argue that the markets of Pyongyang were more or less significant indicators of change than markets elsewhere in the DPRK—these were simply the only markets he was able to visit regularly.³

The Markets of Pyongyang in 2006–2008

Description of Markets

Although observers at the time of the economic measures in 2002 reported simple, open-air gatherings of traders, by 2006 Pyongyang markets were substantial structures, each usually with a brick wall surround and an arched gateway. The outside walls were between two and three meters high (too high to look over without climbing) and colored the same dull dun, or sometimes lime-washed white, as many other suburban buildings in Pyongyang. This meant that from the outside the market walls were difficult to distinguish from those of any other building

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and that it was easy to walk past them without realizing that a market lay within.

Inside, the walls were lined with permanent and carefully constructed booths. In some of these there were permanent concrete tables on which traders would set out their wares, while in others the traders would set up trestle-table stalls, often covered with cloths. The markets had concrete floors. In some, the entire trading space was roofed while in others only the booths were sheltered, leaving a central area open to the sky. Most (perhaps all) had lavatories.⁴ The majority of markets were single story, although Tongil Market had an upper story that housed some offices and, from time to time, a currency exchange booth. The size of the markets varied, but some seemed to house several hundred traders.

Pyongyang market traders were all women. The author was told by North Koreans that this was because men were banned from trading as the regime considered that they should be involved in more productive work.⁵ On 1 December 2007 the regime sought to ban women below 50 years of age⁶ from working in markets, but this decree held sway for less than a month before it was widely ignored, and women of all ages again appeared behind the stalls. Stalls were usually well staffed, with the women almost jostling shoulder to shoulder for space behind the counters. Hygienic conditions were basic.⁷ Meat was often simply hung on hooks, even in the summer heat, and the smell of the fish section of the markets could be overpowering. There was little attempt to keep flies off food. Eggs were sold 10 at a time, tied together in an intricate twine weave that both protected them and made them easier to carry.

These markets are sometimes termed “farmers markets,” but by 2006 this term was misleading. Although the markets seem to have begun as selling points only for foodstuffs, the 1 July 2002 economic measures permitted “general markets,”⁸ and by 2006 these were selling a great variety of consumer goods. These included domestic wares (particularly cheap plastic household items such as plates and mugs), stationery items (including pens, pencils, ink, and exercise books), clothing of many varieties ranging from cheap shirts, skirts, and trousers through elaborate dresses and including modest beachwear, and electrical goods including flashlights and lightbulbs (the author once saw an electric organ for sale).⁹ The great majority of nonfood items seemed to have been made in China but luxury goods from elsewhere including DPRK-produced wine¹⁰ and Scotch whisky (sold more cheaply than in the UK) were widely available.

The markets were divided into different sections, each selling a certain kind of item. Typical layouts provided separate sections for fish, meat, clothes, spices, fruit, electrical goods, and so on. Tobacco (500 *won* for 100 grams) occupied entire sections of most markets. By 2008 the availability of goods in the markets was such that when the author’s cook attempted exotic Italian cooking she was able to source almost all the ingredients locally in Pyongyang. In 2008 too, the

author once needed to replace an obscure camera battery. In a local market he was directed to a “battery-selling comrade,” an elderly lady who smilingly produced an entire clip of the batteries in question (which even worked!). But the author never saw either radios or bicycles for sale (both are items the regime seeks to restrict).¹¹ All transactions in the markets seemed to be conducted in DPRK *won*—the author never saw anybody paying for goods in foreign currency, and his own occasional attempts to do so were rebuffed.

Even during periods of economic difficulty, the markets seemed to keep supplied. From time to time, one product or another (meat seemed particularly vulnerable) would disappear but would often reappear the next day or a couple of days later—and such events were sufficiently infrequent as to cause gossip. There have been suggestions that Tongil Market is a showpiece that is kept especially well supplied, but the author saw a comparable variety and quality of items for sale in other markets.

Numbers and History

It was unclear how many markets there were in Pyongyang in 2006–08. With the exceptions of Tongil Market and Central District Market, which stand proudly in their own clearly marked white buildings with blue roofs, they were not visible from the street and were often concealed behind residential blocks. (It is unclear why two markets were built in visible locations and all the others hidden.) Often they could only be located by following the streams of people who came in and out of them. But in areas with which the author was familiar, there seemed to be at least one official market in each *guyok* (district) of Pyongyang. As there are 19 *guyok*, this seems likely to have been a minimum number for the official markets of the city, and there may have been many more. In 2006–08 an unofficial frog market sprawled out from every official market known to the author. There seemed to be perhaps another one or two frog markets, of varying sizes, in the same *guyok*. This suggests that there were several times more unofficial markets than official ones.

Pyongyang has probably had markets since at least the early 1980s.¹² These proliferated in the famine of the 1990s but were at that time still fairly modest affairs located on the outskirts of the city.¹³ The regime’s decision to give markets official status in the economic measures of 1 July 2002¹⁴ led to the creation of official markets that were well established by the time the author arrived in Pyongyang in February 2006. This decision was amplified in a directive of May 2003 that set out the conditions under which markets could trade.¹⁵ But dozens of unofficial markets continued to trade in addition to the official ones, showing that demand for what markets offered exceeded what the official markets supplied.

The Markets of Pyongyang in 2010

Beginning in about mid-2004 the DPRK regime seems to have aimed to reestablish state control over the economy,¹⁶ which threatened the continuing functioning of markets. There seems to have been an aborted attempt to throttle the markets

in November 2008,¹⁷ but the regime struck in earnest on 30 November 2009, forcing through a series of measures¹⁸ that had the effect of closing markets and most shops. Almost as soon as these measures were promulgated, the regime started to backtrack in the face of popular discontent. By February 2010 the official markets had started to reopen, and by late March 2010 they seem to have been functioning much as before. But in the meantime both the traders cut off from their source of income and the customers denied access to vital supplies must have suffered considerable hardship. The changes to the currency and the confiscatory exchange rate wiped out the savings of many Koreans. Although it is unclear whether market traders were affected more than other Koreans who had somehow managed to accumulate money, many have speculated that market traders' "profiteering" was a principal target of the move.¹⁹

The frog markets have, however, never fully recovered from the crackdown of late 2009. They have returned to the outskirts of Pyongyang, but there are now significantly less of them in the city center. Sites that for years before 2009 were full of unofficial traders remained empty in December 2010.

Access

In 2006–08 (and reportedly still now) the DPRK regime sought to control access by foreigners to Pyongyang's markets.²⁰ The Tongil Market²¹ in the south of the city was definitely open to foreigners—indeed, some embassies used it as a regular source of supplies. Other markets, like Central District Market and the nameless market near the May Day Stadium, seemed to be open to resident foreigners even though DPRK guides would not normally take visiting foreigners there. It seemed that the regime did not intend that other markets should be open to foreigners. But, as so often in the DPRK, what the regime wanted was not always what actually happened. In practice, whether markets allowed foreigners in or not seemed to depend as much on the personalities involved as on any formal rules. Thus, while the staff in some markets would block any foreigners from walking in, the staff at others simply ignored their presence. There were also intermediate positions. On one occasion the author entered a market and was asked to leave by the staff, but when he protested that he only wanted to buy some apples, they went with him to an apple vendor inside the market, helped him to purchase the apples (ensuring that he was not overcharged or sold bad fruit), and then walked out with him, chatting cheerfully on the way. One way or another the author was able to visit perhaps a dozen markets at some point, and regularly visited four. He was, however, unable either to take a photograph in any of them or to visit markets outside Pyongyang.²²

Administration and Governance

Despite its distaste for the markets, the DPRK regime, following the 1 July 2002 measures, seems to have arranged

for administrative structures to govern them.²³ The author was told that they were supervised by the Ministry of Commerce.²⁴ Market entrances were guarded, often by elderly men with red armbands. Internally they were policed by market officials who in some markets wore jackets to identify them. (In some markets they walked around to keep an eye on what was going on but in others seemed to sit in a corner drinking tea.) In some markets too the traders wore armbands of different colors to indicate in which goods they were trading. In Tongil Market and in one or two others the author saw market offices in which various administrators could sit (it is possible that all markets have such offices, but the author was unable to confirm this).

Many activities of the market were directly organized by the authorities. For example, the author was once able to observe a market at closing time. The market staff bustled around shouting at the traders to close up shop while the traders, meekly and silently, bundled up their wares in the sheets upon which many of the items were displayed and carried them to storage compartments in the market wall that were normally kept closed. The whole operation was well organized, relatively quiet, and evidently well practiced. On another occasion, the author witnessed a political study session for the market women, at which the market officials had brought them all out of the market building to sit on nearby ground. When the market near the May Day Stadium was extended in 2007–08, the new, longer wall was built not ad hoc by the market traders, but in a planned and organized way by a construction team.

Most markets had price boards—typically simple wooden boards painted white with the names of products up in black—prominently displayed at their entrances. These would list the prices that could be charged for various products (with the exception of rice, the sale of which was illegal although widespread).²⁵ In the author's experience, these prices were broadly respected. Thus the majority of products were sold at fixed prices—the haggling so common in markets elsewhere in Asia seemed rare.

Despite probing, the author was not able to establish whether the traders were selling on their own account or acting on behalf of organizations (his contacts were shy of discussing the point). Some of the tobacco sellers told him that their families had grown the weed (which can often be seen on private plots in the countryside), but it is unlikely that the same applied to the sellers of fruit or of spices, which were being sold in larger quantities than would have been manageable on a private plot. It may have been that the stalls were rented by collective farms directly, or by trading companies that had arisen to meet market needs, or both. Some market women had the sunburned faces of collective farm workers while others seemed to be fair-skinned urban citizens.²⁶

In markets in the USSR and in Eastern Europe during the last period of socialism it was common for market vendors to have to pay protection money to organized crime. The author saw no evidence that this was happening in Pyongyang. He was told, however, that stall holders paid official fees (he was unable to

find out how much).²⁷ Doubtless the wish to avoid such fees is an important motivation for trading in unofficial rather than official markets.

Markets as Centers of Information and Currency Exchange

In front of the gates of all markets known to the author gaggles of women money changers would stand, holding bulging black bags and waiting for customers. Compared with money changing in other Asian countries, the operation was low key—the women were shy of foreigners, and the author never saw or heard them advertise their business. But this was open currency trading, and the women never appeared to be disturbed by the authorities. (With the close official scrutiny of markets described in the previous section, this was surprising and significant.) Everybody in the market seemed to know the day's rate against the euro, and by 2008 against the US dollar too.²⁸ The author can neither confirm nor contradict reports²⁹ that these women doubled as loan sharks in the absence of a banking system.

In Tongil Market there was a currency exchange booth upstairs; it consisted of two women behind a desk protected by a thick glass pane. It seemed to open for brief periods, then close down, and then reopen. The rate on offer was the same rate offered by the money changers outside. The booth was said to be run by the (DPRK state-owned) Foreign Trade Bank of Korea.³⁰

Pyongyang markets were noisy. The stall holders and customers seemed to chatter all the time, and the author saw no attempt to prevent this. In a society where public meetings are quickly broken up and in which the flow of information is sternly controlled, markets seemed to provide one of the least constrained environments for the exchange of news, information, and rumor. Moreover, typical customers spent a long time wandering from stall to stall before making a purchase. This was doubtless partly a careful pre-purchase comparison of the goods on offer and their prices, but it seemed also to provide an opportunity to converse with a large number of stall holders.

Informal Frog Markets

Immediately outside the official markets as well as in many other locations around Pyongyang, there were regular, unofficial frog markets. Unlike the official markets with their compounds, guards, and market officials, frog markets appeared to have no administrative structure. They did, however, show a high degree of self-regulation: women selling each kind of product would gather in one section of the market, and the author once overheard one seller asking another, after a police raid had temporarily disrupted the market, where the apple sellers were to go. Prices too were generally fixed (perhaps by consensus among vendors). No price board was displayed, but it was common for vendors to indicate their

prices on scraps of brown paper stuck onto their baskets. The author did not witness haggling in the frog markets, but, unlike the official markets with their fixed (and carefully enforced) opening and closing times, frog markets seemed to stay open well into the night.

Frog markets varied greatly in size. Some were a line of perhaps a dozen women sitting or squatting along a particular stretch of roadside selling wares, while others, comprising hundreds of sellers, sprawled over expanses of wasteland outside the city center. One of the largest was on open ground just down the road from Tongil Market itself.

Unlike the official markets, the frog markets sold mostly food-stuffs, both raw and cooked. The cooked foods were generally of a high standard and inexpensive; a *namsaebbang*—a bread roll stuffed with vegetables—sold for 100 *won*.³¹ Usually the customer carried the food away, but some food stalls had developed into small, open-air restaurants where customers could use stools and small tables. The author noted one stall that in 2006 sold just hot food, then started also to sell mugs of beer poured from bottles bought off site, and by 2008 was pouring obviously home-brewed beer from flagons—an interesting example of vertical integration. Homemade snacks were common, and by 2008 homemade ice cream was appearing. By 2008 too, service stalls were appearing, repairing shoes and fitting batteries into wristwatches. Some women sold small items of bric-a-brac and others sold battered secondhand books (on politically neutral, technical subjects). One man sold puppies (15,000 *won*)—it was unclear whether these were meant as pets or for the pot.

Like the official markets, the frog markets were staffed almost entirely by women. (The author did however occasionally see men selling in them, and the service stalls—for shoe repairs, for example—were mostly staffed by men.) The author had the strong sense that the women in frog markets were trading on their own account. The quantities of food they sold were not large and could well have been prepared in domestic kitchens. Also, frog market women tried as hard to sell their wares as sellers in any other Asian market, and harder than those in the official markets. They urged passersby to buy their goods by holding them up to them with scrawny arms. The women's calls of *sasseyo!* (please buy!) and the bluish light of their flashlights were characteristics of the Pyongyang night.

It was illegal to sell rice, and the author never saw this for sale inside an official Pyongyang market. But it was sold in the frog markets, sometimes out of sacks clearly marked "Republic of Korea" or "World Food Program."³² The author occasionally purchased some to check that it genuinely was on sale and was told by Korean friends that it was of poor quality (it was probably adulterated). From time to time the women selling rice would disappear for up to a week and then return. It was impossible to find out why—attempts to ask the rice ladies led only to embarrassed giggles.

The Future of the Markets of Pyongyang

The 30 November 2009 measures on markets have now almost entirely been set aside,³³ and those associated with those measures have suffered for their failure.³⁴ Especially given the delicate situation within the DPRK at present, as the country faces the challenges of a leadership succession and of tensions with the ROK, it seems unlikely either that there would be enthusiasm among cadres for a further attempt to rein in the markets or that the senior leadership would wish to risk provoking further popular discontent by ordering such a move. Moreover, a 2008 Central Committee document seems to have quoted Kim Jong-il as noting that the existence of markets is inevitable “at the DPRK’s current state of development.”³⁵ If this means that markets will continue until the food shortages in the DPRK’s state distribution systems are rectified, then they are likely to be allowed to function for some time yet. As the public distribution system (PDS) is likely to continue to sputter because of food shortages,³⁶ it seems likely that the markets will assume an ever greater role in supplying the population’s basic needs.

It remains to be seen whether the regime’s ban on the sale of grain will continue to be applied. As food shortages continue to bedevil the PDS, there will be continued pressure on the regime to at least turn a blind eye to grain sales in the remaining frog markets to head off popular discontent, especially among the relatively articulate citizens of Pyongyang who have sufficient money to ease their hunger pangs by buying rice. Moreover, the sale of rice from sources that had intended it for free distribution shows that it had been diverted, probably by corrupt officials who are likely to have stolen it and pocketed the proceeds. There will thus be people in the administration who benefit financially, both legally and illegally, from the sale of grain in markets and who thus have an interest in its continuation.

Role of Markets in Social and Political Change in the DPRK

There is no place for markets in the DPRK’s ideology, and their existence threatens it. As Kim Jong-il stated in his speech at Kim Il-sung University on 7 December 1996:

In a socialist society, the food problem should be solved by socialist means. If the party lets the people solve the food problem themselves, then only the farmers and merchants will prosper, giving rise to egotism and collapsing the social order of a classless society. The party will then lose its popular base and will experience meltdown as in Poland and Czechoslovakia.³⁷

and, again, in 2007:

The market has degenerated into a place which eats away at the socialism of our own style . . . and [is] a birthplace of all sorts of non-socialist practices.³⁸

Against this background, the 2002 decision to allow markets seems to have been an act of desperation that flew in the face of the regime’s ideological commitment to arrange for all products to be distributed by the state. (The author was told in Pyongyang that at one point the regime had even considered the complete abolition of money.³⁹) The regime’s distaste for markets is easy to understand. Because of the markets, people who had been brought up to depend on the state to provide everything had developed some economic independence. Customers had learned the importance of price and had learned to choose their purchases, while market traders had emerged who had learned the subversive skills of bargaining, procurement, and logistics. People had also learned the usefulness of markets as sources of news and gossip outside official control. The results of decades of ideological work were at risk.⁴⁰

The regime’s economic measures of November 2009 seem to have badly hurt the market traders and may well have been intended to wipe them out as a class. Its retreat from those measures has brought the traders back, doubtless embittered by their experiences. This has led to the creation of a substantial body of people who have access to Pyongyang, are relatively wealthy, who have better than average access to information, whose livelihoods do not depend on the state, and who are unlikely to be well disposed to the regime. This is a political threat.⁴¹

The markets also change the nature of food shortage. When all DPRK citizens were dependent on the PDS for food (as may well still be the case in many areas of the country), then a collapse in the PDS meant starvation. In Pyongyang, at least, this was no longer the case, as citizens who had money were able to buy food and so bypass the PDS. In other words, the markets transformed the absolute shortages of food that occurred under PDS dependency into the situation common in many developing countries where the immediate problem facing the individual is not food shortage but lack of money to buy available food. Markets also allowed relatively wealthy families to purchase grain in excess of the norms set out by the state; they could bid up its price and make it more difficult for poorer families to secure food supplies.

Conclusion

The expansion of the markets during the famine of the 1990s and the regime’s legal acceptance of them in 2002 were major turning points in the DPRK’s recent history and represented a very uncomfortable compromise with a core part of its ideology. The attempt in 2009 to restrain, or perhaps even to close down, the markets showed clearly the regime’s continued hostility to them.

The resumed operation of legally sanctioned markets shows, first, the regime’s weakness in having to backtrack. The Pyongyang elite at least will have noted this retreat, and the regime’s credibility among influential social groups will have suffered. Second, it shows the regime’s recognition of the necessity for the markets (its protestations that they are a temporary measure ring false—many of them have been trading in one form or another

for around 20 years). This is a major ideological defeat for a regime that depends on ideology for its legitimacy.

Worse still, the frog markets are effectively an act of mass civil disobedience that the regime curtailed in 2009 but is unable or unwilling to prevent completely. The women who daily set out their wares on the streets do so in defiance of police prohibitions. This is one of the clearest indications of the erosion of the regime's control over its people. (The author observed many others, such as the men who openly smoked under "No Smoking" signs, the peasants who simply ignored the traffic police and trundled their carts across intersections, and the people who—under the very eyes of the police—sat on the escalators in the Metro despite stern signs prohibiting this.)

Markets thus present both an ideological and a political challenge to the regime, and it is unlikely to diminish. They are probably clearinghouses for news and opinions, a role that may well grow as the regime's information blockade crumbles⁴² and as information circulates more freely (through mobile telephones, for example). All together markets are one of the regime's greatest domestic dilemmas—it loathes them and probably fears them, but it cannot close them down.

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Endnotes

1. 개구리장마당.

2. Foolishly the author once attempted to photograph such a market. The traders vanished in the time it took him to extract his camera from his pocket and raise it to his eye.

3. It would have been fascinating to be able to compare Pyongyang markets with those in other parts of the country. But in 2006–08 this was not yet possible.

4. Article 6 of the DPRK Cabinet Decision (formerly available on the website of RENK) specifies some of these features, including the requirement for a covered roof, which seems to have been interpreted variously from market to market. Note: the website of the Japanese nongovernmental organization, RENK (Rescue the North Korean People), now appears to have vanished. In the past this site provided access to a number of important North Korean documents. Subsequent references in this paper refer only to RENK, which currently does not exist.

5. The author only once saw a man, who was elderly, trading in an official Pyongyang market. Andrei Lankov and Kim Seok-hyang, in "North Korean Market Vendors: The Rise of Grassroots Capitalists in a Post-Stalinist Society," *Pacific Affairs* 81, no. 1 (Spring 2008): 68–69, report that their sources did not say that it was forbidden for

men to trade but only that families often found it prudent for them not to do so. Perhaps the distinction between what the regime actually bans and what it merely frowns upon is less clear in the DPRK than elsewhere.

6. Andrei Lankov, "Pyongyang Strikes Back," *Asia Policy* 8 (2009): 61. There was some confusion over the minimum permitted age, with some sources suggesting 55 rather than 50.

7. The documents released by RENK, while specifying various other details, do not set out any minimum hygiene standards.

8. 종합시장

9. Ralph Hassig and Kongdan Oh, *The Hidden People of North Korea: Everyday Life in the Hermit Kingdom* (Lanham, MD: Rowman and Littlefield, 2009), 76, suggests that "scavenged scraps from dormant factories" are also on sale, but the author never saw anything answering that description.

10. This is reputedly quite acceptable, but the only time the author purchased it the bottles turned out to be full of a sweet red fruit drink.

11. Nor were radios available in other outlets such as the new, ritzy shops for the elite that sprang up in Pyongyang in 2007–08. This was doubtless because of regime fears that they could be tampered with to allow reception of non-DPRK stations. Curiously, televisions, which are not much more difficult than radios to tamper with so as to allow reception of non-DPRK programs, were on open sale in many outlets—but not in markets.

12. Stephan Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007), 173, sets out some of the chronology of the appearance of markets in the DPRK. Jasper Becker, *Rogue Regime: Kim Jong Il and the Looming Threat of North Korea* (New York: Oxford University Press, 2006), 121–22, writes that Kim Jong-il allowed farmers markets to open in 1984 in response to Chinese pressures for economic reform, but he closed them again in 1987 when Hu Yaobang fell from power.

13. Andrei Lankov, "The Natural Death of North Korean Stalinism," *Asia Policy* 1 (2006): 111.

14. *Ibid.*, 119.

15. RENK (see comment in note no. 4).

16. These are described in detail by Lankov in "Pyongyang Strikes Back."

17. *Ibid.*, 62.

18. Detailed by Nicholas Eberstadt, "The North Korean Economy in 2010," American Enterprise Institute, Articles and Commentary, January 1, 2010, www.aei.org/article/101851.

19. Lankov, "Pyongyang Strikes Back," 62, quoting *Rimjingang* magazine, no. 2, 2008, 83–85, notes a 2008 Korean Workers' Party Central Committee document stating that "markets have become sources of disorder and hotbeds of profiteering."

20. Some South Korean commentators have been confused by the North Korean term, *jangmadang* [장마당], some even suggesting that this is a place name. It is in fact the normal North Korean word for a market,

synonymous with the South Korean term *sijang* [시장], which is also generally understood in the North.

21. Article 2 of DPRK Cabinet Directive 24 of 3 May 2003 instructed that Tongil Market be established “as an example for the whole country.” This document, paired with Cabinet Decision 27 of 2003 on which the directive was based, used to be available through the website of the Japanese NGO, RENK, which has since disappeared.

22. The author was however able to see through an entrance into a large market in Nampo and compared notes with diplomatic colleagues who were able to visit markets in Chongjin. It seemed that markets in Pyongyang may have been better stocked than those in the provinces but that they operated in broadly the same way across the DPRK.

23. Hassig and Oh, in *The Hidden People of North Korea*, 76, suggest that DPRK cabinet regulations to this effect were issued in 2003 or 2004.

24. *Ibid.*, 76, supports this suggestion. Department stores, in contrast, are supervised by the authorities of the city in which they are located, generating fierce local rivalries.

25. Formally the sale of rice was banned in 1957. It was tolerated during the famine, and Hassig and Oh, *The Hidden People of North Korea*, 115, believe that it was officially legalized again in March 2003. The ban was either reinstated or enforced after the 60th anniversary of the Korean Workers’ Party in October 2005.

26. The market vendors interviewed by Lankov and Kim (see “North Korean Market Vendors,” 53–72), all seem to have been trading on their own account. But it is unclear whether they were trading in official or in frog markets, or how typical these individuals were.

27. Former traders interviewed by Lankov and Kim, *Ibid.*, noted the need to bribe officials (see page 63), and one interviewee (page 67) noted the need for a canteen to pay 9,000 *won* each month to the authorities in 2003. Article 13 of the decision (RENK) requires traders to pay “a market utilization fee and state payment.” Hassig and Oh, in *The Hidden People of North Korea*, 104, also note the need to bribe officials and inspectors. It seems, therefore, that traders are officially required to pay certain fees but also find themselves obliged to pay bribes.

28. The regime decided some years ago to use the euro as the principal foreign currency in the DPRK, and prices in hard currency shops were usually in euros. (The author was told that this was the suggestion of a French businessman.) But by mid-2008 this was slipping, and some prices were quoted in dollars.

29. See, for example, Lankov and Kim, “North Korean Market Vendors,” 67.

30. At that time, the Foreign Trade Bank of Korea was also running the foreign exchange booth at the Koryo Hotel in central Pyongyang; thus, if the information was correct the bank was simultaneously trading currency at both the official and the street exchange rates.

31. At this time one euro would buy more than 4,000 *won*.

32. This is not a new phenomenon. Andrew S. Natsios, *The Great North Korean Famine* (Washington, DC: United States Institute of Peace Press, 2001), 222, records that already during the famine

grain was for sale in six northeastern markets in the original bags of the donor governments.

33. The measures on currency remain in effect—the redenominated *won* is still in circulation. Stephan Haggard and Marcus Noland, in *Witness to Transformation: Refugee Insights into North Korea* (Washington, DC: Peterson Institute for International Economics, 2011), 10, refer to a May 2010 party directive acknowledging that the government could not solve the food problem and instructing that officials should allow retail markets to reopen.

34. There have been reports that Pak Nam-gi, one of their principal architects, has been executed; see “N. Korean Technocrat Executed for Bungled Currency Reform: Sources,” *Yonhap*, 18 March 2010, <http://english.yonhapnews.co.kr/northkorea/2010/03/18/0401000000AEN20100318004400315.HTML>.

35. Lankov, “Pyongyang Strikes Back,” 62.

36. The Food and Agriculture Organization (FAO) has noted here that food insecurity is likely to continue; see “Special Report: FAO/WFP Crop and Food Security Assessment Mission to the Democratic People’s Republic of Korea,” 16 November 2010, www.fao.org/docrep/013/AL968e/AL968e00.htm; and the World Food Programme has warned that its efforts to bring food to the needy are so underfunded that it may have to close down its DPRK operations within six months (see *Financial Times*, 13 December 2010).

37. First appeared in the *Wolgan Chosun*, April 1997..

38. Hassig and Oh, *The Hidden People of North Korea*, 76, quoting *Rimjingang*, 17 March 2008, 82–96.

39. DPRK official (private conversation). The author has traced no documentary support for this assertion but notes that Lankov, in “The Natural Death of North Korean Stalinism,” 113, also describes the DPRK as “a country that at one time came very close to creating a non-monetary economy.”

40. These problems are described also in Hassig and Oh, *The Hidden People of North Korea*, 76.

41. This point is brought out too in Noland and Haggard, *Witness to Transformation*, xii. “Their interviews suggest that the state’s hostility to the market is well-founded. Participants in market activities not only harbor more negative attitudes toward the regime than the general populace but also are more willing to communicate their dissenting views to others.”

42. By 2008 it was clear to the author that key elements of the regime’s propaganda were no longer believed by the outer elite of Pyongyang.

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