

# Reflections on the “Reform” and Policies of Democratic People’s Republic of Korea

## An Field Investigation on Democratic People’s Republic of Korea and Analysis of New Year Greetings

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**Abstract**—This article focuses on North Korea's reform and opening up. The international community is almost "one-sided" thinking that North Korea is unwilling to reform and open up in order to maintain its own regime. However, according to the author's inspection and viewpoint, North Korea is not without "reform." The "reform" mentioned here is actually the "innovation" that North Korea has always advocated. The reasons why North Korea cannot try to open up or be opened up are more complicated, but their desire to develop the economy is very strong. Therefore, people must correctly understand and recognize North Korea, and analyze and judge North Korea from the perspective of North Korea. In this way, everyone may have a more comprehensive and correct understanding of North Korea.

**Keywords**—North Korea; reform; economy; Jeong-eun Kim

### I. INTRODUCTION

It is generally believed that North Korea has not yet "reformed and opened up", and some people even often "blame" or "question" why North Korea has not "reformed and opened up." The author believes that this is caused by misunderstanding of the concept of "reform" and "openness". The author believes that there is no fixed model for reform and opening up, otherwise why do you say "Chinese model" or "Vietnamese model"? Moreover, "reform" and "opening up" are not necessarily absolutely linked. Because from the perspective of conceptual understanding, the author believes that the focus of "reform" is subjective and internal, while "openness" includes subjective and objective, and internal and external elements work together. Careful analysis of the current North Korea, the author believes that they do not yet have the conditions of "openness" at home and abroad, or at least the conditions of "openness". This does not mean that they do not want to be open, nor does it mean that the international community will not let them open. The focus of the problem is that the conditions for "openness" are still immature. This condition is claims and attitudes of what people often call "nuclear-free" or "nuclear-abandon".

### II. UNDERSTANDING OF ECONOMIC REFORM

#### A. Rural Economic Reform

The "responsibility system of contracting" was fully implemented in North Korea, probably starting in 2013. Initially, North Korea implemented a "responsibility system of contracting" that operates as a family or "group" in some rural areas. However, the author learned during this inspection that this system has been fully implemented nationwide. Although the "responsibility system of contracting"<sup>1</sup> is not exactly the same as the "the rural contract responsibility system" in China, the final accounting is still the same. For example, in terms of contracting methods, some are based on the family, some are based on relatives and friends, some are based on the farmer's residence, etc. However, regardless of any form of contracting, when really implemented to farmers, it is contracted on a household basis. Because the task of contracting to "groups" is still subdivided into each household. In other words, except for special cases, the Chinese-style "family-contract responsibility system" has basically been implemented.

How the farm assigns contract tasks to individuals (individuals or "groups") has also been an important issue for the authors for many years. The North Koreans may consider it "secret", so they have never provided me with clear "data." However, North Korean staff has repeatedly answered that it will definitely allow contractors to complete. In addition, if conditions that cannot be overcome by manpower occur, special treatment and care are given to the corresponding objects. Regarding how to reasonably allocate "contracted" land, according to surveys, the land contracting method is mainly determined through discussions between the farm

<sup>1</sup> The author visited the factories, farms, economic development zones, and shopping malls in Pyongyang and its surroundings from March 24 to March 28, 2019, and talks with researchers and staff of the North Korea Academy of Social Sciences.

management committee and the villagers, and the duration of the contract is also flexible. However, in the "greenhouse" mainly used for planting vegetables and plant seedlings, or similar to the contract method that requires a certain "skill" type of work, the "competition" method is adopted. These priority contracts are given to the "experts" in planting vegetables and the "experts" in planting seeds ... And according to the difference in level, "experts" can contract different grades (size, quality) of greenhouses. Because vegetables are directly supplied to the units and individuals to which the farm belongs, the quality of the "seedlings" also directly affects the year's harvest of the farm and farmers. The "harvest" of the contractor is handed over to the farm according to the quantity of the contract, and the farm is then handed over to the state. Similarly, the author has not yet received a specific amount or percentage of the submission. Some farmers "sell" the remainder to the country at a certain price, which North Korea calls "patriotic grain". Of course, the price of this part of the grain is definitely lower than the market. Farmers and farmers who have submitted a lot of "patriotic food" can not only be "recognized" but also receive some "benefits". Farmers can also sell surplus products to the free market, including vegetables produced in "greenhouses." Farmers and vegetable farmers often sell "goods" to "middlemen" (resellers), focusing on growing crops and vegetables themselves. In this way, some farmers and urban unemployed people naturally specialize in reselling these products or doing business in the market.

In short, since the implementation of the "responsibility system of contracting", farmers' income has improved significantly, and everyone agrees with this contracting method. Therefore, Jeong-eun Kim also emphasized the need to continue to implement rural economic reform measures such as the "responsibility system of contracting" in the New Year congratulations in 2019.

#### *B. Economic Reforms of Factories, Enterprises and Public Institutions*

The workshops responsible for the basic needs of the country, such as the Kim Jong-sook textile factory (with a capacity of 8,000 people), are provided by the state plan to provide raw materials and specify production tasks. However, when the state "urgently needs" and increases production, the state gives factories appropriate material encouragement in addition to normal subsidies. The "Gold Cup" food factory (mainly serving food for athletes) is different from the Kim Jong-sook textile factory. In addition to the basic national tasks, the factory is mainly oriented to shopping malls and markets in Pyongyang. Therefore, when in charge of national tasks, the operation is based on the quantity and price planned by the state, and in addition, it operates in full accordance with the "law of the market." That is, the introduction and purchase of raw materials and the sale of products must be operated through the market. With the exception of the catering industry of the North Korean National Service, most of the catering industry is self-financing. Therefore, the 24-hour catering industry in Pyongyang is not a minority, and most of the services in foreign hotels are open 24-hours. Moreover, employees

working in these industries are allocated "bonus" based on turnover. Therefore, competition among service industries has become quite fierce, and in order to improve competition efficiency, they often take a variety of measures, including product diversification, layering, modernization, and management model reform.

#### *C. Reform of the Financial and Distribution System*

North Korea implements a system of state free housing. However, as time goes by, the methods of building and dividing houses tend to diversify. The author did not see relevant laws and policies, which may be the country's "default". For example, wealthy units build their own houses through self-raised funds to improve the housing conditions of their employees. The distribution principles are also diverse and cannot be explained in detail here. The basic method is: the house built by the unit's self-funding is handed over to the state at about 20% (uncertainty), and the state redistributes it (the method of state redistribution is not fixed). The remaining 80% of the dwellings are allocated by the unit. Although the property rights of houses are in the country, it is common for people to trade privately, and there are many ways to trade.

North Korea's Pyongyang's No. 1 department store and some restaurants, as well as some consumer establishments, began using North Korea's own cash spending cards, which foreigners can also apply for. In the past, hotel stays, consumption, shopping malls, and bookstores all relied on writing "vouchers," but some places also began to become "machine-based" vouchers. The distribution of bonuses has become an important part of North Korea's socio-economic activities. As mentioned earlier, North Korea has implemented an "excess bonus system" in many fields, and this system even involves institutions such as universities and colleges. Since North Korea still implements a "supply system," wages are used to buy "supply" items, while bonuses need to be purchased from the market. Therefore, the actual use price (consumption) of wages and "bonus" is asymmetric.

#### *D. Economic Development Zone*

Although North Korea has identified a number of development zones, some are targeted domestically and some are targeted internationally. However, due to well-known reasons, all internationally-opened development zones are in a state of halt, or in a state of "existence in name". Of course, the "development" of domestic development zones is also not ideal. The "Nanpu Economic Development Zone" visited this time is close to China (Shandong Peninsula) at sea. The development area is not only close to Nanpu Port, but also only 50 axioms from Pyongyang. The author often likens this: "Just like Beijing in China has Tianjin and Tianjin ports, and Seoul in South Korea has Incheon and Incheon ports, Pyongyang in North Korea has Nampo and Nampo ports. Nanpu Economic Development Zone is an "export product development zone". The author visited this place in 2014 and learned about the "development planning" through the design director of the development zone. However, the development during this

inspection did not make any progress. Two years ago, North Korea set up a "Jiangnan Development Zone" in Pyongyang. The author has repeatedly requested to visit this place, but has not received approval. According to North Korean sources, the Jiangnan Development Zone is still in a "pending development" state, which may mean that there is no substantial development.) The "Xihai Gate" near Nanpu Economic Development Zone and Nanpu Port is at the junction of the West Sea (north of the Yellow Sea in China) and the Datong River. The water level of the Datong River can be raised by 7 meters with a sash door, which can pass 2000 tons, 20,000 tons and 50,000 tons cargo ship. Therefore, through the Datong River, the Jiangnan Development Zone in Pyongyang and the Yellow Sea can be directly connected.

Scholars and experts often mistakenly believe that North Korea lacks foreign investment related to development zones, as well as laws and policies to protect and favor foreign investors. In fact, otherwise, the laws in this area are already very comprehensive, and may even be more comprehensive and complete than the laws in the early days of China's reform and opening up. Because, when setting up development zones and drafting relevant laws for development zones, they have fully taken into account relevant Chinese policies and laws.

### III. REFLECTION ON NORTH KOREAN STUDIES

First, people should attach importance to the study of North Korea's "ontology" and pay close attention to the recent changes in North Korea. There are very few scholars and researchers in our country who study North Korea. There are three reasons for this: First, it is not easy to publish the research results related to North Korea. The second is that the DPRK-related issues are sensitive and even have political risks. The third is to "despise" North Korea from the heart. One scholar is said to have called North Korea "Korean-style socialism", which has been criticized by many domestic research units and experts. In fact, China's understanding and research of North Korea can be said to be in the "primary" stage, not to mention South Korea, not even the United States and Japan. What is the education system in North Korea? How is the implementation of North Korea's "supply system"? Does the Korean standard of one-day rations recognized by the international community include lunch provided by the unit? What is the scope of free medical care, and how to solve the excess? What is the shape of the people? What are their views and attitudes towards China? ..., these studies are all blank. Even the research on the North Korean nuclear issue is rarely analyzed from the perspective of North Korea.

Second, the "right to speak" on North Korea research should be established and enhanced as soon as possible. Since 2013, domestic scholars have mentioned on various occasions and in consulting reports that "North Korea is undergoing economic reform" and "the North Korean economy is improving" ... but they have never received the attention of relevant departments and consulting agencies. When an American "scholar" said that North Korea's economy was growing by 1%, all domestic scholars recognized it and "cited."

Third, scholars and experts should not take "tinted glasses" to look at and study North Korea, or it will be "misleading" to the country. Research on North Korea should adopt the "dual separation method", that is, to separate the North Korean nuclear issue from North Korea; to separate Jeong-eun Kim from previous leaders. When it comes to North Korea, everyone's focus is on the North Korean nuclear, so it is impossible to correctly understand the current status of North Korea. When it comes to Jeong-eun Kim, everyone's focus is on "hereditary" and former leaders, so Jeong-eun Kim cannot be understood correctly. Without understanding Jeong-eun Kim and the status quo of North Korea, it is impossible to understand North Korea in a correct way.

The fourth is to actively guide North Korea's reform and also create conditions for their opening up. As mentioned earlier, North Korea's "reform" was largely directly influenced by China. "Openness" requires domestic and foreign environments. Due to the North Korean nuclear issue, there are not many "external environments" left by the international community to North Korea, and the space is also very small. China should provide a favorable external environment for North Korea's "opening up", although China is also facing a dilemma in the face of stalemate between North Korea and the United States. However, China should use its status and influence in the international community to both promote the denuclearization of the Korean Peninsula and provide necessary guarantees for North Korea's opening up.

### IV. NORTH KOREA POLICY REFLECTED IN NEW YEAR'S MESSAGE (2009-2019)

First, North Korea has always adhered to socialism with Korean characteristics. North Korea calls itself "our-style socialism" and the outside world calls it "Korean-style socialism." Although China still lacks sufficient understanding and understanding of socialism with North Korean characteristics, one thing is certain: North Korea believes that they have consistently adhered to the socialist road.

Second, the status of the Korean Workers Party is paramount. Although the Korean Workers Party was set up relatively late, it has become a leader and mentor who led the Korean people in the socialist revolution and construction from the very beginning. Even during the "Sungun Policy" period, under the "National Defense Committee" system, even when the relevant Labor Party meetings were not held normally, the absolute leadership and role of the Labor Party had not been relaxed.

Third, economic construction and the construction of a strong socialist country are eternal themes. North Korea's economy has been relatively backward for a long time, but they have always attached great importance to economic construction. "Economic construction" in New Year's congratulations always takes the first place, and it also takes up a lot of space. Moreover, it discusses in detail according to different economic fields, and always regards economic construction as an important guarantee and prerequisite for

improving people's living standards and building a strong country.

Fourth, the role of the people's army is irreplaceable. North Korea believes that without the People's Army, there would be no liberation of North Korea, no victory in North Korea's socialist construction, and even less security of North Korea. North Korea's so-called "Sungun" is by no means simply "army first". With the development of the times, "Sungun" has become a "synonym" and symbol of North Korea, and it has also become a symbol of ideology, culture and spirit.

Fifth, emphasizing education and science is a tradition in North Korea. North Korean educators and scientists enjoy the highest level of treatment, because North Koreans deeply understand the importance of education and science. Due to various reasons, North Korea's economy is currently lagging behind. However, it is precisely because of the guiding philosophy of focusing on education and science that North Korea has a large number of scientific and technological talents. Therefore, if conditions are ripe, the North Korean economy may be improved and developed in a short period of time.

Sixth, autonomous unification is the fundamental principle of north-south reunification. The reunification of the Korean peninsula is not only the wish of generations of leaders of North Korea, but also the common aspiration of all the people on the peninsula. On the issue of reunification of the peninsula, the biggest difference between North Korea and South Korea is that North Korea has always insisted on "autonomous reunification." As the name implies, the two sides, north and south, realize unity according to the principle of independence without any external influence.

Seventh, "innovation" is not only staying on the slogan, but is becoming a reality. Although North Korea has not said "reform" or "opening up", they always advocate "innovation" in various fields. Although in the past years, "innovation" has often remained on the surface and language, since Jeong-eun Kim came to power, he has emphasized the actual implementation of "innovation" and has achieved initial results.

Eighth, the "parallel route" has shifted to "focusing on economic construction." The connotation of "parallel route" is the simultaneous development of economy and military. Of course, when they are not parallel, it does not mean giving up and neglecting the other party, but the emphasis is different at different times. North Korea has announced the end of the "parallel route" and has begun a comprehensive shift to "economic construction." However, depending on the situation, this strategy and direction may change at any time.

## V. CONCLUSION

Although North Korea is a close neighbor, to us, it always looks like a familiar but unfamiliar foreign nation. Regardless of the relationship between China and North Korea, it is obviously beneficial and harmless for Chinese to have a chance to fully understand a neighbor.

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