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The Understanding North Korea roundtable series is a joint program of the National Committee on North Korea Policy - Korean Foundation Center for Korean History and Public Policy. The roundtable series was established to enable emerging scholars of North Korea to share their research ideas with peers and experts in the field, and to publish their findings in a format accessible to a general audience.

The National Council on North Korea (NCNK) is a non-governmental, non-partisan organization whose membership reflects a broad range of perspectives and subject-matter expertise related to North Korea. NCNK serves to share information among its members, advance their work, and provide the broader public with substantive and balanced information about North Korea. NCNK was founded in 2004 by Mercy Corps, a global aid and development organization.

The Hyundai Motor-Korea Foundation Center for Korean History and Public Policy was established in 2015 with the generous support of the Hyundai Motor Company and the Korea Foundation to provide a coherent, long-term platform for improving historical understanding of Korea and informing the public policy debate on the Korean peninsula in the United States and beyond. The Hyundai Motor-Korea Foundation Center for Korean History and Public Policy brings Korea to Washington through advanced research and programming that is rooted in history, informed by scholarship, and in touch with policy.

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Šy the donju play a special role in brokering the state-controlled and informal economies, serving as smugglers, brokers, and financiers for North Korean citizens and the state. The North Korean state faces competing economic and political pressures: how can a revolutionary socialist state constrain the emergence of private-sector services? While his father sought to repress individual money-making strategies, Kim Jong Un has not only incorporated entrepreneurial money-making capacity into his economic development goals. These economic trends have significant social implications for North Korea, carving out new spaces for conspicuous consumption while driving expanding economic >-centered networks has the potential to transform North Korean society without challenging the existing political structure.





stabilized the economy and the distribution system while tightening policies and policing the markets became more restrictive. Until his death in 2011, Kim Jong Il officially sought to restrict foreign currency flows. Most notably, Kim Jong Il implemented a confiscatory currency reform in 2009 that increased the personal risk of participating in market activities. Ultimately the reforms failed, and the state tried to pedal back by offering wage increases.<sup>8</sup> However, in the long run, the reform encouraged the dollarization of the economy and the rise







Kim Jong Un has also built new high-rise apartments such as Ryomyong Street (in 2017) and Mirae Scientist Street (in 2015) to reward North Koreans for their political loyalty and professional contributions in specific industries, especially science and technology. To North Koreans, these apartments are symbols

<sup>21</sup> Kim Jong Un has also built up multi-use consumer and lifestyle spaces such as the Ryugyong Service Complex (opened 2013), which focuses on health-themed spaces including a café, a sauna, a wading pool, a beauty salon, skin care

<sup>22</sup> Other department stores, such as Daesong Department Store (opened in 2019) sell foreign brands like Adidas and Fila as well as high-end brands like Chanel and Rolex. Despite international sanctions banning luxury goods, the regime smuggles in these consumer goods using its illicit transnational networks including via donju.<sup>23</sup>

Kim Jong Un has also utilized the entrepreneurial enterprises to offset the constraints of the economy. Money-launderers have developed a systematized trade network of their own through the land border with China to import raw

investment activities.<sup>24</sup>

Moreover, a sharp decline in border-control measures in the face of the coronavirus pandemic threaten the contribution of entrepreneurs, which depend so much on international exchange of goods and financial flows. The value of trade fell by 80 percent from 2019 to 2020.<sup>27</sup> Despite temporarily opening to transborder railways in late January, the Chinese Customs Bureau reports trade remains at 20 percent of pre-pandemic closures.<sup>28</sup> This trend means that for the foreseeable future, the pandemic layered on top of stringent economic sanctions directly threatens what helps his economy run.

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<sup>27</sup> Joseph Lee, "2020 North Korea-China Trade Trends and Implications (in Korean)," Inter-Korean Trade Report (Seoul: Korea International Trade Association, February 2021), <https://www.kita.net/cmmrcInfo/rsrchReprt/northTradeReprt/northTradeReprtDetail.do?pageIndex=1&no=18&classification=19&searchReqType=detail&searchStartDate=&searchEndDate=&searchClassification=&searchKeyword=>.

<sup>28</sup> William Brown, "China's Trade With North Korea Rises Slightly in January and February, Amid Partial Border Openings - 38 North: Informed Analysis of North Korea," 38North, March 23, 2022, <https://www.38north.org/2022/03/chinas-trade-with-north-korea-rises-slightly-in-january-and-february-amid-partial-border-openings/>.



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