NORTH KOREA FREEDOM WEEK 2019 SESSION

Center for Strategic & International Studies Panel Session: Women and Market Mechanisms in North Korea

Link to video: [https://www.youtube.com/watch?v=yGah_fnDGEc&feature=emb_logo](https://www.youtube.com/watch?v=yGah_fnDGEc&feature=emb_logo)

Speakers:

Suzanne Scholte, President Defense Forum Foundation
Lee Hyo Ju, North Korean defector involved with trading in diesel oil
Kim Ji Young, North Korean defector who became restauranteur
Hyo Jo Hee, North Korean defector who sold luxury goods as street vendor

English transcript:

**Suzanne:** One of the things that we’re focusing on is the role of women in creating the market system. The theme of this year’s 16th annual North Korean Freedom Week is: Listen to the Defectors, and Then You Will Know the Truth.

And the reason why we wanted to focus on the markets, which is what CSIS has embraced in doing this session today, is, people understand that North Korea has become a capitalist system, but the role of the women in creating that system isn’t as well understood. It’s the sheer self-determination of the women of North Korea to feed their children, their husband, their mothers and their fathers, it’s their sheer self-determination that created that market system. The regime tried again and again, first to stop the markets and then to try to control them—they finally gave up. But this shows incredible development in North Korea.

And I know that when we think about North Korea, we think of the goose-stepping soldiers in the parades, we think of the mass games, we think of everyone crying their eyes out when Kim Jong-II died, when Kim Il-Sung died—those are the images we get. But what you’re going to hear this afternoon is from the women that created the markets, the incredible things that they did to survive in North Korea, and how that has completely dramatically changed North Korea internally. So what I’m going to do, because I want to give as much time as possible, I’m going to go ahead and interview all three of our special witnesses and have them speak, and hopefully we’ll have some time at the end. But I’m going to introduce all three of them, and we’re going to go one, two, three. I want to thank Kang Sa-Hul for translating for them.

First of all, Lee Hyo-Ju, here to my left, she was born and raised in Musan. She worked as a teacher before she defected, and in order to survive during the Arduous march, she started her own business buying products from a wholesale market in Chongjin, but she
found that she could make a lot more money if she got involved in the diesel oil business. So she became involved in that business.

Hyo Jo-Hee was a trained crane operator at a steel company in North Korea before she defected, but during the arduous march she could hardly make enough income from her work, so she had to find a way to survive. She got involved in purchasing cigarettes from merchants and then selling them, so she was in the luxury goods trade.

Our third witness is Kim Jee-Young and she’s a little different story. Kim Jee-Young was a daughter of Korean worker party officials, so she was actually high up in North Korean society. And she attended the very prestigious Kim Il-Sung university. She’s going to give you the perspective of what it was like for people actually high up in the regime, and why did she go from being a member of the upper class in North Korea, high up on the Sung classification, why would she end up becoming a free-marketer. So she’s going to tell her story.

**Lee Hyo-joo:** Public goods distribution system started to break down from the early 1990s and it completely collapsed after Kim Il-sung died in 1994. Ordinary citizens who relied on set ration rights provided by their workplaces suddenly found themselves with nothing to eat but water. Although they were starving, they still had to go to work every day. Married women were allowed to stay home, nonetheless old men, whether they were married or single, were ordered by the regime to go to work every day. As the Arduous march started, people were not paid from their jobs but still all men had to go to work, which naturally led women to go out to the market to make a living.

The first time I ever experienced the market was back in the summer of 1996, when the Arduous march reached its height. People starved to death and mass-defection started. Freshly out of high school, I had my first job and began to realize that supremacy of socialism, which I learned from school, was totally alienated from the reality. In order to survive during the famine, people brought out everything they could sell from their houses. Such as household items, clothes, spoons and chopsticks at times, to exchange for a handful of corn, and they gathered in the empty lot in the streets.

Jangmadang, the market in North Korea, was formed spontaneously by the people, and it was not rare to see a six-year old begging on the street to sell a bunch of firewood which he gathered from the mountain. However, the regime often ordered the people’s security officers to raid the market, saying “we should root out corrupted capitalism and people should awaken their socialist ideology.” As soon as the officer showed up, people gathered everything they brought to sell in the market and ran away. This is why the market was called “grasshopper market,” as merchants ran away from the raid like grasshoppers. In the end, even a large-scale crackdown could not stop grasshopper markets from spreading out all over the country. From 1999, the people’s security department allowed people to have a designated place to sell products in the market. They collected so-called ‘space taxes’ instead as sort of a rent for a vendor space, but from then on the market started to flourish.
I had a friend back then who was orphaned when her parents died on accident while visiting their relatives to get some rice. In order to support herself and her sibling, she started to run a business but back then the rule was that a single woman could not participate in any activities in the market. Inevitably, she had to wander around to escape from the raid and at the same time sell the products. But once stopped by the authorities, they confiscated everything she was selling and sometimes took her money. Living with no choice, she had to get married just to have her own legitimate vendor space in the market.

While working as a teacher during the weekdays, during the weekend I also went out to the market. What I did was buy products from Sunam market, which is a wholesale market in Cheongjin, and sell them back to the vendors in Musan and raise a little bit of profit in between. However, the return was not good compared to what I had to invest. So I turned my eyes to a more risky but high yielding business. I started to deal diesel oil. There was a huge coal mine in Musan which required diesel oil to operate and people often smuggled the diesel oil out to sell in the market. It was a very risky business to steal diesel oil, which was called the present from Kim Jong-Il, and those who were caught smuggling the oil were executed. But it was worth it to risk their lives because the return was so profitable. I didn’t think about the possible danger then because it was subtracted by the high yield, so I started to sell diesel oil. However, a couple months later one of the merchants was charged for stealing diesel oil and publicly executed, which made other merchants stop their businesses all of a sudden. It was a brutal reality for the people of North Korea that people could be publicly executed only because they sold the so called ‘present from Kim Jong-Il.’

**Hyo Jo-hee:** Between 1996 and 1997 I lived from hand to mouth as a street vendor selling cigarettes on the streets of Chongjin. I purchased packs of cigarettes smuggled from China and sold it to male customers enough to make my living. But I cannot do any kind of business or activities to raise a private profit back then. Police often went out to crackdown and if caught, they confiscated everything and never returned them, so I sometimes had to go back home empty-handed. I wandered every corner of the streets to find customers and escape from the raids. Everyone who wanted to open their vendors in the market should pay for their spaces, which I couldn’t afford. So the only choice left for me was to roam around the station and find customers who wanted to buy cigarettes.

Even in the late 1990s, North Korea was becoming a capitalist society where only those who had money could survive. I want to especially emphasize that it was the women who played a crucial role in making the market flourish. North Korean women went to the market in the morning, bought rice and food from the wholesalers, and sold them to the customers so that they could support their families. But they struggled all the time. The police raided the market, confiscated products, and sometimes took the money they raised. We had to shun away from the police in order to run our businesses. The whole family’s survival was on the women’s shoulders. Over time, North Korean women became stronger and more determined to overcome any challenges. It became normal to pay bribes to the police and continue their businesses. But for those who could not
afford to pay bribes, the life was a continuous struggle with authorities, as well as hunger. On top of that, there are so many petty thieves who stole things from us. Every day was a struggle. My only wish back then was that someday I could open my own vendor and run my business without worrying about anything.

**Kim Ji-young:** Hello, my name is Kim Ji-young and I became a South Korean citizen in July 2013. We made a display of the products that are actually sold in the market, and towards your right you can see notes that were actually sold in North Korea in the 70’s and 80’s. And to your left you can see fancier products that are sold right now in the market of North Korea. I was actually surprised how developed and sophisticated these products are right now. My family are elites in North Korea and I was beloved by everyone around me from a young age. Because of my background in education, I considered myself very loyal and patriotic to the regime. I often said I could sacrifice myself to the dear leader. However the Arduous March, where 3 million people died of starvation, fundamentally changed my identity as a devoted follower of the regime.

The Arduous March brought the awakening of the capitalist thinking to North Korean people. First and foremost, it changed the minds of the North Korean people. The death of Kim Il-sung reminded us that he was not an eternal son or god, but just a mere human like any other people, and that his son Kim Jong-il would also die someday.

The Arduous March followed the death of Kim Il-sung in 1994. Now I think that the reason so many people died was because the market economy was in recession. The North Korean economy was based on a planned socialist economy as well as a public distribution system. During the 1970s and 80s it existed only on a limited scale named as a local agricultural market. Senior citizens sold vegetables they grilled in their gardens, and some older gentlemen sold dried tobacco leaves. Before the Arduous March, we could say that the market was just another small-scale farmer’s market without any manufactured goods.

When the Arduous March started with the collapse of the public distribution system in 1995, people started to realize the value of the market. People started to have their families die and so many people were starving, that people started to sell alcohol and tofu they made in their home. A primitive informal market started to appear near a train station, where women sold home-made food on the streets. It was not called a market yet, but more of a barter place where women gathered in a big lot in the neighborhood and exchanged whatever they could find from their houses with food for the day. At first, they took anything valuable from their home and sold it at the market, and later they expanded their businesses to travel to the ports via train to buy fishes, which they could sell in their local markets in the mountainous area for higher prices. It was started and driven solely by women’s determination to get food for their families.

Especially in the border area, people started to see the opportunity to cross the border by making an excuse to visit their relatives in China, and came back with Chinese goods and quickly expanded to wholesale businesses where merchants purchased
Chinese goods and sold them in the local markets. Since then, capitalism has sprouted and bloomed by private citizens, and one could find basically everything in the market.

As the commodities were imported from China, some people started transportation businesses to buy products from the wholesaler and carry them to the local markets. They delivered Chinese goods to the local merchants and on their way back, they purchased local products such as dried squid, seasoned cucumbers, and abalones, which they could diversify the kinds of products sold in the markets. All these changes actually astonished me. One of my friends in my hometown who hadn’t had anything to eat before looked so differently years later because her mother ran her own businesses in the market, and her older brother was participating in smuggling businesses. Women in the market who were forced to start their businesses only to support their families at first, now started to realize the benefit of making money in the market and learned that the more money they had, the more revenue they could raise.

Back then, the market activities were strictly banned by the regime and considered a serious crime, so prosecutors launched special investigations and arrested business people in the markets. However, in a dire situation where policemen as well as the prosecutors were also looking for a way to make their living, they found a way for both sides to mutually benefit and soon after corruption prevailed in North Korean society.

The main reason that the regime could not stop the market was because the authorities who supposedly controlled the market were equally starving. In order to make their living and survive, they took bribe offerings in the form of products, and let it happen.

Currently you could virtually find all kinds of markets in North Korea: consumer goods market, production goods market, financial market, labor market, and housing market. Of course the North Korean regime never officially allowed these market to happen, but only overlooked their existence. It is an outcome of the collapsed planned socialist economy and reluctant relaxation of the control towards capitalism.

The renters living in the state-owned houses secretly traded the rights of their houses for money, which led to the emergence of the housing market. Now it has expanded into all aspects of real estate businesses, where speculators and realtors invest in the housing market and where others run accommodation with their own houses. The production goods market first started with Chinese-imported textiles. As people started to accumulate wealth from the markets, they desired to dress up and decorate their houses with good quality fabric. So women who could use sewing machines started to get orders from the designers and make clothes, shoes, and curtains for homes which later induced a larger demand for textiles and the production goods market.

After the regime announced the economic reform in July 2002, they legalized markets and the regime attempted to control them. Market management offices were established to collect the place tax from the merchants. It was just a small movement at first, but now some of the statistics say that income from the place tax comprises 80% of total revenue for the North Korean regime. Now there are more than 500 legalized markets in
North Korea, including unofficial and temporary markets which are often called grasshopper markets. The number exceeds 1000.

The scale of business has also drastically increased so that the merchants who have pedaled around the villages now hire trucks and people to deliver products. Individual business people who hardly trusted state-run transportation system started their own logistics industry to deliver goods faster than their competitors, and now buses and taxis are often used to deliver the goods. The wholesalers who traded products from their relatives in China now became mul-ju, which means the master of products, and they created the financial market. While North Korean wholesalers were traveling back and forth to China they needed to exchange currency, which led to the emergence of the private money exchanges in the markets. These exchangers are financial conglomerates in North Korea right now. The credit-based system in blooming in North Korea where the currency is exchanged on sight.

In the middle of such transformation, I graduated high school and was accepted to Kim Il-sung University, the most prestigious university in North Korea. While looking at my classmates, I started to realize how powerful the money and the power could be. Then I learned that money makes people, and money creates jobs and positions. 90% of the students were the children of worker party officials and no one seemed to know what famine was. No one seemed to understand or care that there were people dying of starvation in other parts of the country.

When I came back to my hometown for summer vacation, I encountered more shocking realities. In my hometown by the border, the market flourished and those early entrepreneurs became so-called don-ju, money masters, and sometimes mul-ju, the master of products. I had a friend who was rejected from a college because of her bad family background, and now she was living in a luxurious apartment building and looked better than anyone else as her smuggling business took off.

Finally broken out of a 20 year long brainwash from the regime about capitalism and markets, I could see the value of a market economy. Right after graduation, I opened my first restaurant. I thought people cannot live without food, so I saw the opportunity in restaurant businesses. In order to utilize this blooming of the market, the managers of the state-owned restaurants came up with an idea to make extra profit using the buildings where they were located. They started to rent a part of the space in the building to those who could invest, so I rented a place at the second floor of a two-story restaurant building, paying $5000 USD to the manager with a monthly rent of $150 USD. Even though I was a private business owner and a contractor renting the whole space in the second floor, according to what was reported to the regime, myself and all of my employees were just another service of the state-run restaurant. I hired two cooks and three servers and the restaurant that could accommodate 200 people was my first business that I opened at the age of 24 right after graduating from Kim Il-sung University.
Many of my classmates from the university mocked me for opening up a business rather than returning the favor to the regime for the education they provided. Nevertheless, the business took off and I raised about $150 USD as a daily average net income, which is about 50% of the total revenue. The daily wage for a cook was $2 and $1 for the server, which I paid from the revenue. Back then, the exchange rate between the USD and the North Korean won was 1 to 6,000 and with $1 you could buy 2 kilograms of rice. As servers in another restaurant earned about $1800 North Korean won monthly from the regime, I could say my employees loved me more than Kim Jong-il. A cook was paid 200 times more than he could earn by working in a state-run restaurant. The market economy in North Korea which made the dictator allow the system to grow since 2002, is now making North Korean people fantasize about capitalism.

The North Korean regime is still repeating the old propaganda and urging people to live in revolutionist spirit for self-survival by tucking their belts. However, the minds of North Korean people no longer belong to the dictator. I think that there is no one in North Korea who truly believe and trust what the regime says. Even under strict control by the regime, North Koreans learned capitalism, and are now the pioneers of their own fate armed with a capitalist mindset. The regime attempted to control the market through the currency devaluation in 2009, which backfired and now no one trusts the banks to keep the money in their bank account.

The tyranny of the North Korean regime is still the same, however North Korean people will not remain the same to trust their leader and starve to death. Kim Jong-un often claims that the sanction against North Korea will have a harmful effect on North Korean people, but I can surely tell you that this is a complete lie. The only people suffering from the sanction are Kim Jong-un, Ri Seol-Ju, and leads around them, not the ordinary citizens of North Korea.

Engagement strategies towards North Korea only serves Kim Jong-un’s interest. The international committee sent a countless amount of humanitarian aid to North Korea, which never made it to North Korean people but was diverted by the authorities. This I can surely tell you from my own experience as a daughter of worker party officials. The transformation of North Korean society to a capitalist system started from the determined women who strived to support their children and husbands. And it is growing as a center of everyday struggle of life, where smugglers sell whatever they could earn money from whether it is Chinese goods or South Korean drama CD’s, and the corrupt officials would protect merchants to get bribes in return.

**Suzanne:** We have time for some questions but I want to see if Ambassador Bob King is here, he was the chief of staff for Tom Lantos when the North Korean Human Rights Act passed in 2004. I was just going to point out that at that time in 2004, even up until today, there’s been a very strong unified opinion about North Korean human rights in Congress. And one of the things that’s very important, I want to ask this first question about sanctions because she brought up sanctions and one of the things is when they passed the sanctions act, as most of you know, has been overwhelmingly passed by Congress. But, it was very carefully crafted just to target the Kim regime and the elites,
and not the people of North Korea. So the question I have, I just want to explore that a little bit more, how, if the markets are a really good thing, what’s their opinion on sanctions? Have they negatively impact the market? And if they’ve negatively impacted the market, which is a good thing, do they think there should be an easing of sanctions to help the average citizens. I wanted to ask all three of them if anyone wanted to answer the question, what their opinions are?

**Kim Ji-young:** First of all, I want to give my appreciation to President Trump who backed out from the Hanoi summit showing his determination not to compromise with this regime. We could say that when the sanctions continued, people might suffer because there’s not many goods available in the market because the traders are all blocked. There is a stark distinction between what ordinary people think and what officials think. If the ordinary North Korean citizen doesn’t have anything to eat, then they will figure out how to survive through the market and their experience, but officials who rely their lives solely on the regimes are going to have a hard time. So increasing the sanctions or keeping them at the same level might give more opportunities to ordinary people because since the authorities are starving, they’re going to figure out how to manage their living by receiving bribes from the merchants and allowing the markets to continue to happen and flourish. When I came to South Korea I learned this phrase “if you want to be diagnosed, then you go to the doctor. If you want to be prescribed medicine, you should go to the pharmacy.” So in that sense, actually we are, who have lived in North Korea more than 30 years, we are the experts in terms of North Korean issues and policy. And we are the windows that you can look in and learn about what North Korean society is. So I urge you to utilize North Korean defectors, whether you want to know more about the impact of sanctions, or if you want to reach out to North Koreans inside North Korea, we are the windows to connect you with North Korean people.

**Suzanne:** Would they like to add to that?

**Hyo Jo-hee:** One thing I want to mention is that there are more than 30,000 North Korean defectors in South Korea. And I believe that the voice of North Korean defectors are actually more powerful in terms of bringing down the regime. More powerful than sanctions actually, to change and bring down the regime. So I hope you encourage us and support what we are doing so we can make a real change for North Korea.

**Suzanne:** Questions from the audience?

**Audience Member:** Of course I appreciate that the markets are dominated by women, I think this is very important. But I’m curious about the men who work in the market too, and what are they selling? What are the most popular items in the market?

**Kim Ji-young:** If you were born in North Korea, from the age of 17, you have to check with the military department everyday. So it means that the North Korean regime considers all men as a soldier. If war breaks out, they have to be deployed anywhere
that the regime wants. One thing that the North Korean regime is really good about is taking care of their soldiers as bullets who are going to fight for them. So there is a term that has been used in North Korea after the arduous march, which is... So it is uncomfortable because their existence is not required for doing any kind of role in society. So we all say that there is a light in the day because it does not play any role in there. So all these market economies were actually illegal in North Korea. Because of that, the only role that men can play are basically carrying the bags of their wife who is going out to the market to sell these things. At night when they are coming back, they just bring that back home. That’s the only role that men can play in this market. So this is mostly about ordinary citizens, not about officials. Authorities and officials working in the party or persecutors office or government institutions, they have the ability to basically support their families. They are getting distributions from the government regime. The most popular product you asked, which is sold in the market, is basically everything made in South Korea, whether it’s a drama CD or anything like that. Sometimes men are useful when they help smuggling these products from China to North Korea. That is the only time they refine their use for North Korean markets.

Suzanne: Do they want to comment? Another question. That was a great question.

Audience Member: As you’ve mentioned, that the North Korean women needed to be stronger. So I’d like to know the women’s rights inside North Korea. That is my first question. And the other is, is there any correlation between women’s rights in North Korea and the high rate of women defectors?

Suzanne: One of the witnesses that we had wasn’t able to speak but one of the points she makes is that women have no rights in North Korea. Women are treated horrible in North Korea. One of the witnesses, she was ill and wasn’t able to testify, but she was going to make that point. They’re property. They’re just treated horrible.

Lee Hyo-joo: So there’s definitely change in terms of the status of women in North Korea with the blooming of the market. As women start to become a breadwinner for the family, their status within the household has been increased and their whole family is basically relying on their businesses. So that’s how their status has been changed within society itself. One thing is, they defected not because they want to have more freedom. They want to start to defect because they knew that when you go to China you are going to earn more money. So that was actually the kind of capitalist thinking that you want to earn more money, was the driving force for North Korean women to defect to China. And then, when they went to China they start to learn more about South Korea. They started to know there’s a window of huge freedom there. And also, when they’re in their market, before the market system flourished, all they knew was about their family. All they knew was the thriving of family but now they have more opportunity, have more power, and more money, they start to feel their whole realm of their point of view started to expand. And now they’re in China and they saw South Korea and other countries, they feel like “Oh, even though I crossed the border in order to seek money, now I want to expand my own territory by going to South Korea.” That’s why there’s a correlation between women, and why the majority of defectors are women.