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국제학 석사 학위논문

**Dynamic Efforts for the Prosperity of
the Homeland**
**A Study of the Economic Dimension to North Korea's
Overseas Compatriots Policy**

조국의 부강번영을 위한 적극 투쟁
-북한 해외동포정책에 대한 경제적 분석-

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Abstract

Contrary to conventional wisdom, there is evidence that, despite everything, the Democratic People’s Republic of Korea (DPRK), or North Korea, in fact has been pursuing the “China model” of achieving economic development and opening-up without changing the political system. North Korea’s effort to improve its economy can be studied through a close look at a generally ignored facet of North Korea’s “foreign” relations: Pyongyang’s approach to “overseas compatriots”, in other words the Korean diaspora.

The precedent for mobilizing overseas nationals as part of an economic development plan is a key element in the China model itself, considering the important role that overseas Chinese (*huaqiao*) played in the first stages of “reform and opening-up” as the only “capitalists” Beijing could trust. Similarly, Pyongyang has tried—albeit less successfully—to recruit overseas Koreans to assist in “economic construction.” This thesis examines the hidden economic dimension to North Korea’s overseas

compatriots policy in order to show how the DPRK has tried, and failed, to mobilize ethnic Koreans in different parts of the world to help them open-up economically.

In order to identify the economic dimension, it is necessary to provide an overview of North Korea's overall concept of overseas Koreans. Through a close study of the views about and messages to overseas compatriots by Kim Il Sung, Kim Jong Il and North Korean state media, this thesis explains the central importance of three ideas that define North Korea's approach to the diaspora: *minjok*, democratic *minjok* right, and gifts. In addition to these core concepts, North Korean materials use illustrative examples of North Korean leaders' meetings with overseas businessmen to signal their economic approach to the Korean diaspora. Chapters three and four provide an in-depth examination of these concepts and messages.

In order to put the general concepts and illustrative examples in context, this thesis next examines key developments over the past few decades in North Korea's actual approach toward overseas Koreans, with a focus on drawing out the economic dimension to overseas compatriots policies. In this historical sketch of overseas

compatriots policy, the focal point of North Korea's attention can be seen to evolve over time, from an early focus on the large *zainichi* community in Japan, to an increased interest in the growing Korean-American population in the United States, and, most recently, to an intensifying relationship with *chaoxianzu* in the bordering provinces of China.

The conclusion returns to the questions of how to understand North Korea's effort to open-up and develop its economy based on its efforts to use overseas compatriots as "safe" capital, why North Korea feels it has to hide such efforts, and why these efforts so far have not been as successful as the DPRK hopes. The conclusion offers some basic recommendations for how North Korea's efforts to leverage overseas Korean resources in support of "economic construction" could be done more effectively by taking the Chinese experience as a model.

Keywords: North Korea and overseas compatriots, North Korean foreign relations, North Korean economic policies, overseas Korean diaspora, Chinese model, "minjok"

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I. INTRODUCTION

Why doesn't North Korea follow the "China model" and simply open-up its economy, while keeping its current political system? This question is puzzling even to leading experts on the Democratic People's Republic of Korea (DPRK). To solve the puzzle, scholars like Andrei Lankov argue that North Korea cannot open-up because its system will lose legitimacy if people learn more about the outside world, particularly the prosperity of South Korea.¹ Others like Nicholas Eberstadt argue that North Korea does not follow China's example because the regime in Pyongyang is only interested in maintaining its own power and control, rather than improving the economy, and therefore makes no effort to open up.²

However, as Ruediger Frank and others point out, there is strong evidence that North Korea in fact *has been* trying to open-up and improve its economy.³ Although there have been reversals and even backlashes against these efforts, as Bob Carlin and

¹ Lankov (2009, 2013).

² Eberstadt (2009).

³ Frank (2005).

Joel Wit have argued, those only show that there is an internal debate and disagreement over how far to go, and how fast, in terms of what the North Korean media call “economic construction” (*kyongje konsol*).⁴ The most prominent example of North Korea’s effort to open-up came about a decade ago with opening of new “special economic zones” (at Sinuiju and Kaesong), a push to attract foreign investment and set up joint ventures, and the July 1, 2002 measures to improve economic management. By 2006, an anti-reform backlash had gained strength, leading to the fall of Premier Pak Pong Ju (who was closely identified with the “improvement measures”), and culminating in the late 2009 “currency redenomination” and attempts to close private markets. But then, in 2010, Pak Pong Ju reemerged, and in April 2013 was appointed to the Politburo and made Premier for a second time, as once again North Korea is once again making efforts to develop the special economic zone (at Rason) and attract foreign investment.⁵ In a May 2013 interview with the Associated Press in Pyongyang, DPRK Academy of Sciences economist Ri Ki Song officially confirmed new

⁴ Wit and Carlin (2006).

⁵ Choe (2010).

“economic management methods” had gone into effect the day Premier Pak took office on April 1st, methods that had based on a trial period over the previous year.⁶

In other words, North Korea has been following the China model of trying to develop and even open-up its economy without changing its political system or jeopardizing its national security. As the Korean Central News Agency (KCNA) put it, quoting an official from the Committee for Reunification of the Fatherland: “As far as ‘attempt at reform and opening’ is concerned, the DPRK has never left any field unreformed in socialist construction but always kept its door open.”⁷ That was a rare case of acknowledging that they are trying to reform and open—more typically, North Korean statements strongly reject that particular term, preferring instead to call it “economic improvement” or “economic construction” (*kyongje konsol*). A statistical survey of North Korean discussion about “economic construction” in state media even shows that North Koreans are explicitly studying the Chinese model for doing so—41 out of 71 mentions of “achievements of economic construction” (*kyongje konsol*

⁶ Associated Press (2013).

⁷ *Rodong Sinmun* (2012).

sungwa) in the Worker's Daily (*Rodong Sinmun*) from 1981 to 2011 are related to China.⁸ Senior government officials, including Kim Il Sung and Kim Jong Il, have made numerous visits to China, often with an explicit focus on learning about China's economic development. And, North Korea's reforms to its joint venture and investment laws, as well as its experiments in special economic zones, have borrowed directly from China's model.

One of the most interesting, and overlooked, ways in which North Korea has tried to follow the Chinese model of opening its economy without sacrificing regime survival or national sovereignty, is evident through a close examination of the DPRK's approach to overseas Koreans. After all, overseas Chinese (*huaqiao*) played a key role in the early stages of China's experiment with reform and opening-up, when wealthy Chinese diaspora were the first "capitalists" Beijing felt it could trust to open their economy up to. Similarly, when we look carefully at the history of North Korea's policy toward "overseas compatriots", there is evidence that Pyongyang has tried—

⁸ Analysis of *Rodong Sinmun* database at the Ministry of Unification's North Korea Information Center.

although much less successfully—to recruit overseas Koreans to help North Korea with “economic construction.”

As with virtually everything related to North Korea, politics comes first in policies and attitudes toward overseas Koreans—but for that very reason, the economic dimension is easy to miss. North Korea rarely openly acknowledges that their overseas Korean policy has an economic purpose, but occasionally the economic dimension does come to the surface, such as when the senior North Korean official Kim Yang Gon said, at a banquet for overseas Koreans visiting Pyongyang in April 2012 for the centenary of Kim Il Sung’s birth, North Korea hopes that “compatriots would make dynamic efforts for the prosperity of the homeland.”⁹ By shedding light on the economic motives behind North Korea’s “overseas compatriots” policies, this thesis demonstrates how North Korea is in fact trying to follow in China’s footsteps—although these efforts are not always apparent on the surface and thus far have not proven very successful.

⁹ KCNA (2012-04/16). Kim Yang Gon is a secretary in the Korean Worker’s Party Central Committee secretary and director of the United Front Department.

Structure of the Thesis

Chapter Two provides a brief literature review of relevant scholarship as well as primary sources used in the research process. The subject of North Korean attitudes and policies towards overseas Koreans is relatively neglected, and there are not many published studies of the issue. Much of the literature, especially in the English-language, focuses on Koreans in Japan (*zainichi*) and their relationship to North Korea. Also, most scholarship focuses on the political aspect of North Korea's policy toward overseas Koreans, and some of the social science research suggests that overseas Koreans could play a helpful role in the unification issue between the two Koreas. Therefore, in order to explore the economic dimension of North Korea's overseas compatriots policy, actual North Korean publications and state media served as the major source of empirical evidence.

Chapter Three provides an overview of North Korea's basic concept of overseas Koreans, the importance of the ideas of *minjok* and "democratic *minjok* right",

as well as an examination of how and why North Korea uses the language of giving gifts (*sunmul*) in their relationship with overseas Koreans.

Chapter Four draws intensively on North Korean publications to detail the views about and messages to overseas compatriots by Kim Il Sung, Kim Jong Il and state media. Many of these materials consist of illustrative stories of North Korean leaders meeting with overseas businessmen, who are given a special status due to their potential for assisting the DPRK with economic development.

Chapter Five puts the above concepts and illustrative examples in context by examining key developments over the past few decades in North Korea's approach toward overseas Koreans in Japan (*zainichi*), the United States, and China (*chaoxianzu*), with a focus on drawing out the economic dimension.

Chapter Six returns to the larger question of how to understand North Korea's effort to open-up and develop its economy given the record of its efforts to cross the "safe bridge" of overseas compatriots, and why North Korea has to hide their efforts, and why these efforts so far have not been as successful as the DPRK hopes. The

conclusion offers some basic recommendations for how North Korea's efforts to leverage overseas Korean resources in support of "economic construction" could be done more effectively by taking the Chinese experience as a model.

II. LITERATURE REVIEW

North Korea's overseas Korean question is largely ignored in scholarly literature. The major books and articles linking North Korea and overseas Koreans are written by Cho Jeong Nam (2009), Choe Jin Wook (2007) and Jin Hei Gwan (2011). Much of the existing research focuses on the political side, and the role overseas Koreans play in North Korea's pursuit of Korean reunification. There is very little scholarship on the economic dimension to North Korea and overseas Koreans. There is very little scholarship on the economic dimension to North Korea and overseas Koreans. Lee Jin Young (2002) did a general comparative survey of China's overseas Chinese policy and North Korea's overseas Korean policy, but he paid less attention to overseas Koreans after their economic situation got worse in the 1990s.

More generally, research in North Korean studies has three characteristics that severely limit the quantity and quality of existing literature. First is the closed and limited nature of direct sources of knowledge about the DPRK. Second is the one-sided nature of the sources that do exist, being mostly either produced by the state and

therefore a kind of propaganda, or else produced by those who oppose the DPRK in some way. Thirdly, and relatedly, is the highly politicized nature of discussion and analysis of North Korean sources.

As a result of these limitations, it is extremely difficult to find large amounts of unbiased information and empirical evidence that can be used to create data sets. Data crunching is therefore virtually impossible in the case of studying North Korea. As a result, the best method available is in-depth analysis of original, direct sources from North Korea itself. While factoring in the propagandistic motivation behind these sources, it is possible to read them critically and carefully to identify North Korean goals and methods. In the case of this thesis, North Korean state media and publications are used to identify North Korea's economic development goals and the methods used vis-à-vis overseas compatriots to achieve those goals.

In order to draw out the more subtle economic purposes that drive North Korea's overseas Korean policy—both historically and today—it is necessary to look at original North Korean material. This thesis is based on intensive reading of North

Korea media and publications, placed in historical context, to demonstrate how the DPRK has attempted to use overseas Koreans in various parts of the world as a safe bridge toward a more open and developed economy. News reports and commentaries in KCNA and *Rodong Sinmun* provide glimpses of overseas compatriots, and “content analysis” of relevant keywords can bring out the approach to overseas Koreans. Even more important are three authoritative publications that discuss North Korea’s approach to compatriots at length, and serve as the main sources of research for tracing the evolution of overseas Koreans approach: *The Great Leader and Overseas Compatriots* (1992); *Brilliant Solution to the Overseas Korean Issue* (1999); and *The Marshal and Compatriots in Japan* (2008).

Brilliant Solution to the Overseas Problem reveals how the North Korean state conceptualized the relationship between North Korea and overseas Koreans, and how they defined the identity of overseas compatriots. Through the words of Kim Il Sung, the volume serves as the theoretical base of North Korea’s overseas Korean policy, and in particular, the economic obligations they put on the diaspora. *Great Leader and*

Overseas Compatriots further explains the meaning of overseas Koreans to Kim Il Sung. Although published in Japan, it can be considered a North Korean publication due to the close link between the Chochongryon organization and Pyongyang. *Great Leader* narrates many events and dialogues between Kim and overseas Koreans that illustrate how hard he tried to get financial contributions from them. Finally, *The Marshal and Compatriots in Japan* is a relatively new book and not very studied. Like *Great Leader*, it uses events and dialogues between Kim Jong Il and *zainichi* to provide insights into North Korea's overseas compatriots policy and approach under Kim Jong Il.

North Korea rarely admits that their overseas Korean policy has an economic purpose, for reasons that will be explained, but books like *The Marshal and Compatriots* describe numerous episodes between Kim Jong Il and *zainichi* groups, and through these incidents attempts to demonstrate how important Korean-Japanese are to Kim Jong Il. In a North Korean political context, the sayings and deeds of the Supreme Leader function as the most authoritative statement that guides all policies

and decisions by Party and state agencies. Therefore, the words and deeds of Kim Il Sung and Kim Jong Il toward overseas Koreans carry the significance of what in many other political systems would be expressed through legislation or formal policy.

As far as the debate over North Korea's economic policy generally, the mainstream view tries to explain why the DPRK does not try to reform its economy.¹⁰ An alternative body of writings shows how in fact North Korea has pursued opening-up and development of its economy, although with little success.¹¹

For comparative perspective, there are numerous studies about the role that overseas Chinese (*huaqiao*) played in China's "reform and opening-up" policy.¹²

¹⁰ See Eberstadt (2009), Lankov (2009), Oh and Hassig (2000).

¹¹ See Hong (2002), Chung (2004), and Carlin/ Wit (2006).

¹² See Wang (1993), Reardon (1998), Thuno (2001) and Korean Economic Forum (2003).

III. BASIC CONCEPT OF OVERSEAS KOREANS

The first part of this chapter explains North Korea's conception and way to frame the overseas Korean issue through Kim Il Sung's own words, recorded in the book *Brilliant Solution to the Overseas Korean Problem*. The key point is that Kim defines the diaspora as a "problem", especially their relationship with their host countries, and looks for how to "solve" it. The reason it is a problem is because overseas Koreans are defined as victims.

The fundamental nature of the overseas compatriots "problem"

North Korea defined overseas Koreans as a "problem" needing to be solved, as overseas Koreans were *forced* to live outside of Korea. The problem was caused by imperial powers subordinating other "national peoples" (*minjok gukga*) under the control of the imperialist system.¹³ This is made sense in a Japanese context, where many Koreans were indeed forcibly taken there during the colonial period, and found

¹³ *Brilliant Solution to the Overseas Korean Issue* (1999), 16.

themselves after World War II with second-class non-citizen status. But Kim Il Sung applied this notion of overseas compatriots as victims not only to the people forcefully dragged to Japan, but also Koreans who moved to other countries. For example, Koreans in China (*chaoxianzu*) and in Russia (*Koryoin*) were forced to move to Yeonhaeju (the Maritime Province of Siberia) or Manchuria in order to avoid Japan's repressive policy. Koreans in Western countries like Germany or America were likewise described as being forcibly sent by the South Korean "puppet government," which was following the US' neo-imperialist colonization policy in the name of "overpopulation", "solution to unemployment" or "earning foreign currency" or "learning new technology". North Korea even charged the South Korean government with allowing Korean children to be adopted as part of this neo-imperialist colonization.¹⁴

Thus, in the case of Korean-Americans for example, North Korea did not see them as part of the enemy country (of the USA), but rather as victims who had no

¹⁴ *Brilliant Solution*, 20.

choice to move there. Either they were driven there forcibly, or had no choice but flee to the US in order to avoid repression of the “puppet government” in Seoul. They were victims of either the US’s “policy of colonial subordination”, or the South Korean government’s policy of “sell out your nation and betray your people.”¹⁵ North Korea placed the relationship between overseas Koreans and their host country as a fundamentally hostile relationship. North Korea could have accused Korean-Americans of being traitors by having resettled in a capitalist, imperialist country. But instead North Korea cast Korean-Americans as victims, expelled from their homeland and stranded in a hostile land. Kim Il Sung used the concept of being one *minjok* in order to embrace overseas Koreans who had been forcibly sent to a foreign state, even an enemy country.

The important point here is the relationship setting between overseas Koreans and host country as a hostile relationship. Overseas Koreans are either victims of the mother country (South Korea) or the host country (mostly Western capitalist

¹⁵ *Brilliant Solution*, 21.

countries). By defining overseas compatriots as victims forcefully living abroad, naturally it makes the relationship hostile, and from this North Korea can gain the automatic benefit to embrace them as being on their side. By framing the relationship between North Korea and overseas Koreans this way, North Korea gains justification to give the obligation for overseas compatriots to be unconditionally devoted to the motherland.

This is a key difference with China's overseas Chinese policy. China's principle is that *huaqiao* should ideally have a friendly relationship with the host country, encouraging them to change their names, and wanting them to develop themselves inside the local culture and have influence in the host society. China tries hard not to provoke the host country by trying to hard to put *huaqiao* in the "Chinese" category. China wants the *huaqiao* to develop in the local culture so that China can use the influence that *huaqiao* have locally—for example, if *huaqiao* have a successful company in Thailand, it gives China a good connection inside Thailand through overseas to develop both economic and diplomatic relations. This is a crucial

difference between Chinese and North Korean policy toward overseas compatriots.

North Korea's approach may create an instant sense of *minjok* solidarity and a rationale for putting automatic obligations on diaspora to serve their mother country, but has proven less effective and constructive over the long-term in terms of mobilizing the diaspora's resources "for the prosperity of the homeland".

Three keywords: *minjok*, democratic *minjok* rights, and gifts

Within this overall framework of overseas Koreans as living in a hostile relationship with their host countries, three key concepts show how North Korea frames their relationship with overseas Koreans, and capture the essence of North Korea's thinking about compatriots: *minjok*, democratic rights of *minjok*, and gifts. These words can explain the basic characteristic of North Korea's overseas Korean policy.

Minjok

To comprehend North Korea's basic concept toward overseas Koreans, it is necessary to begin with an understanding of the fundamental nature of Kim Il Sung's concept of North Korea itself.

Some scholars argue that North Korea should not really be considered a communist country, but rather, a nationalist one. They argue Kim Il Sung was a nationalist rather than a socialist or Marxist. Based on intensive reading of North Korean propaganda, literature, and visual arts, Brian Myers concludes that North Korea is based on intense xenophobia. "Paranoid, race-based nationalism has... guided the DPRK in its policy-making from the start."¹⁶ Myers argues that North Koreans learned their ideas about racial purity from Japanese during the colonial occupation. The brutality of the Korean War intensified the xenophobia in North Korea, "where most people had been steeped in blood-based nationalism since their colonial childhood."¹⁷

¹⁶ Myers (2011), 16.

¹⁷ Myers, 40.

In his book *The Cleanest Race*, Myers argues that from its founding all the way to the present, racial purity is at the center of North Korean ideology. He quotes an illustrative commentary against multi-racial societies from the Worker's Daily as recently as 2006: "Mono-ethnicity [*tanilsong*] is something that our nation and no other on earth can pride itself on... There is no suppressing the nation's shame and anger at the talk of 'a multi-ethnic, multi-racial society'... which would dilute even the bloodline of our people."¹⁸

In fact, after the founding of the DPRK in 1948, Kim Il Sung did not pay so much attention to race and nationality. Like in other socialist countries, he saw nationalism as counter to proletarian internationalism and class interests, and a potential cause of conflict between ethnic groups and obstacle to international union of the working class—basically in accordance with Marxism-Leninism. He maintained the Marxist-Leninist idea of nationality as simply a people's shared language and culture, rather than something fundamental.

¹⁸ *Rodong Sinmun* (2006-04/27), quoted in Myers, 72.

However, the legacy of Kim's earlier days in the 1930s and 1940s as an anti-Japanese, anti-imperialist, nationalist guerilla became increasingly significant over time. When there were power struggles within the North Korean leadership in the 1950s, the basis for giving power to Kim Il Sung was related to his identity as a nationalist who defended Korea against imperialism. In addition, Kim had reason to emphasize nationalism because of his factional struggle against other groups connected to China (the Yan'an faction), the Soviet Union, and South Korea (the domestic faction). Kim used his credentials to represent the true nationalist to give himself a stronger claim over these rivals, who had ties outside North Korea. Ethnic nationalism in other words helped to consolidate his legitimacy internally.

By the 1960s, Kim started to emphasize the importance of what was called *minjok*. *Minjok* combines the meaning of race, ethnicity and nationality into one word, and it became a key term in North Korea, which changed its emphasis from internationalist socialism to Korean nationalist "self reliance" (*juche*). This shift to the

centrality of *minjok* affected almost all areas of policy, domestic and foreign, including attitudes toward overseas Koreans policy.

Minjok became one of the most important concepts in North Korea, sometimes even more important than socialist ideology. Today, almost every issue North Korea faces comes under the *minjok* paradigm—reunification is justified as the union of a divided *minjok*, and overseas compatriot policy also is based on the *minjok* concept.

Democratic *minjok* right

In *Brilliant Solution to the Overseas Korean Problem*, North Korea examines the overseas Korean policy in both capitalist and socialist countries and argues that they are both wrong. Instead, they create their own solution based on “democratic *minjok* rights.”

Capitalist countries partially protect the rights of immigrants (including overseas Koreans) in the name of “humanity” or “human rights”. But because of the innate flaws of the capitalist system itself, they practice ethnic discrimination and

inequality, which sometimes jeopardizes immigrants' legal survival. Capitalists further use immigrants' problems for "impure" political purposes. But *Brilliant Solution* also criticizes socialist countries for not protecting immigrants' independent rights, and their struggle for ethnic independence and supporting the mother country, but instead the force immigrants to serve the host country's revolution, not for their ethnic independence. *Brilliant Solution* labels this "leftist anti-ethnicism".

In place of these approaches, North Korea introduces an abstract and strange-sounding term, "democratic *minjok* rights," as their own unique way to solve this problem. They want to explain why overseas compatriots policy should not simply stop at helping them survive and live well and happily in their host country. North Korea promises not only to help overseas compatriots live happily in the host country, but also and more importantly to give them "democratic *minjok* rights," which means, the right "to contribute to the prosperity of the motherland and independent development of their motherland."¹⁹

¹⁹ *Brilliant Solution*, 381.

Democratic *minjok* rights even shows Korean nationalism as prior to international socialism. “Originally, the overseas Korean movement... is not a movement for class liberation of exploited classes like workers and farmers. It is the movement for having democratic *minjok* right to live without any discrimination or inequality or ethnic disdain as an overseas citizen of an autonomous independent country. Also it is a movement for autonomous development of the motherland.”²⁰

North Korea asserted the idea of *minjok* as a universal value that all overseas Koreans must embrace as their core identity. In the case of Korean residents in Japan, the DPRK actively fought against Japanese government discrimination in order to protect and promote *zainichi*. But, even as North Korea fought for the “human rights” of Koreans in Japan, they insisted that it would never be enough. The real purpose was not simply to help Koreans to live comfortably in Japan. Instead, North Korea wanted to give *zainichi* something that was called their “democratic *minjok* rights”—which was explained as the right to contribute to their mother country’s development and

²⁰ *Brilliant Solution*, 380.

flourishing. North Korea's logic was that overseas Koreans are missing something fundamental if they are not able to contribute to the motherland. The relationship between overseas Koreans and their host country is, after all, at root a hostile one, and "compatriots" in general are victims of the government and country they live in. Even if they continue to reside abroad, they can only enjoy full "democratic *minjok* rights" and they can do so by helping the motherland.

So North Korea proposes democratic *minjok* right as a better solution than other capitalist and socialist countries to the "problem" of being an overseas Koreans. Democratic *minjok* right is a right to contribute, and contributing to the development of the motherland of course could take the form of economic contributions. It is a highly abstract rationale for why overseas compatriots should in material ways help the DPRK develop its economy, through the realization of their unique "rights" to participate in the *minjok*.

Economic Motives Hidden in Gifts

2012 was a year of historic significance for North Korea. First, it was the 100th year of the “Self-reliance” (*juche*) calendar, centenary of founder Kim Il Sung. Second, it was the year of emerging as a “strong and prosperous great country” (*kangsong taeguk*). Third (although not planned), it was the inauguration of the third generation leader Kim Jong Un.

North Korea wanted to show the world through the 2012 *kangsong taeguk* celebrations that, despite the struggles of the 1990s and 2000s, they were still doing fine. So they planned many events and construction to celebrate this year, and one of those events was the opening of the National Gift Exhibition in August 2012. Before the opening, it became referred to as the Korean diaspora museum. It is worth considering the timing of the new museum, given the fact that two gift museums already exist (one for Kim Il Sung and one for Kim Jong Il). Why open a new museum based on the same concept, nearer to Pyongyang, at this critical time? What was the significance and signaling?

Actually the original museum, International Friendship Exhibition Hall, is one of North Korea's most important sites, and foreign visitors are brought there regularly. Opened in 1978 and located in Mount Myohang, guides point out that this museum is so large it would take over a year to look even briefly at every object. According to experts who visited the Friendship Exhibition Hall, although there were many gifts from overseas Koreans in the collection, it was not possible to view them.²¹ If one studies the meaning of gifts closely in North Korean culture, the significance of the new museum starts to become clearer. As anthropologists Kwon and Chung explain: "the idea of the gift, which permeates, in many explicit and implicit forms, political and economic life in North Korea... state sovereignty and the entire familial political order have been rendered in North Korea as a gift from the preeminent leader of his country and his Manchurian comrades. The idea of the gift is therefore constitutive of how the North Korean polity's exemplary center asserts its moral authority over the realm it governs."²² North Koreans are literally fed this idea of the gift from birth.

²¹ Kwon and Chung (2012), 135.

²² Kwon and Chung, 128.

“Children at nursery school are taught that the food they receive at school is a gift from the Supreme Leader. They also learn how to express gratitude to the leader for the gift.”²³

Kwon and Chung further explain that citizenship itself is a gift from Kim Il Sung, a gift that comes with obligations to repay it with contributions. “Citizenship in North Korea includes not only the right to enjoy the gift of true political life given by the founding leader but also the obligation to recognize deeply one’s personal indebtedness to this gift of life and to show this recognition in concrete actions through deeds of loyalty to the donor and to the house of dominion.”²⁴ This is directly related to the logic behind “democratic *minjok* right” as applied to overseas compatriots, as both a right to participate and an obligation to contribute to the motherland.

Letters from five-year-old children, a national flag from a women’s group, or an autobike factory donated by *zainichi*—all these count as “gifts” to the motherland and its leaders. Economic contribution was not asked for explicitly as such by North

²³ Lee Moon-Woong, quoted in Kwon and Chung, 155.

²⁴ Kwon and Chung, 156.

Korea, nor is it given with the expectation of return on the part of the overseas Koreans. North Korea of course gives gifts to overseas compatriots as well—gift to create *zainichi* schools in particular.

The meaning of a new museum for overseas Koreans' gifts is that North Korea is openly recognizing and giving full credit to compatriots for their contributions. So the museum represents how much value North Korea places on the relationship with overseas Koreans at this critical moment.

However, it also shows the conceptual limitations imposed by North Korea's attitude toward compatriots, which prevents building a more constructive and economically productive relationship. The reason North Korea has to borrow the gift concept for economic contribution from overseas Koreans is related to their conceptualization between the country and the citizens. The basic concept of North Korean life is like a family, with the country as father and mother, so naturally the relationship between North Korea and its citizens, as well as overseas compatriots, is like a parent-child relationship. As Kwon and Chung argue, "North Korea's politico-

economic order since the 1970s is, therefore, based on a particular, politicized form of human reciprocal relations: a paternalistic, patriarchal formation modeled on domestic relations, particularly the relationship between parents and children.”²⁵ And thus, when a child gives a gift to a parent, it must be purely voluntary, with no expectation of “return”—otherwise it could be shameful for the parent. That is the ideal set up by North Korea.

This sensitivity was apparent in Kim Jong Il’s outrage at being accused of getting money from *zainichi* in December 2002. Kim became very upset about Japanese media reports about Chochongryon, the General Association for Koreans in Japan, giving money to the DPRK, followed by the Japanese government shutting down a *zainichi* credit association. Kim insisted, “We never received money from this bank. *Chongryon* sent factory facilities to North Korea, but never money.”²⁶ Kim promised to send USD \$4 million to Chongryon—obviously to demonstrate that North Korea was helping Chongryon rather than vice versa.

²⁵ Kwon and Chung, 156.

²⁶ *Marshal and Compatriots* (2008), 250.

Therefore, the opening of the new National Gift Hall museum featuring gifts from compatriots demonstrates the economic motivation behind North Korea's approach to Koreans abroad to encourage visits, contributions, and even investments, but also shows the limitations of their approach.

IV. ECONOMIC MOTIVES IN NORTH KOREAN MATERIALS

The economic motive toward overseas compatriots comes out through North Korean publications, academic papers, and media, and in particular through the words of the leader.

Kim Il Sung on the Overseas Problem

Published in Tokyo in 1992, *Great Leader and Overseas Compatriots* tells stories of Kim Il Sung and compatriots in Japan. Kim Il Sung and Kim Jong Il gave special treatment to overseas businessmen, such as privileged seating at events, and opportunities to meet the Kims privately at banquets. Many banquets were held for *zainichi*, especially for businessmen, and took the form of fundraising dinners. Personal meetings and toasts by Kim Il Sung were like gifts that the *zainichi* could take home to tell people about, like a politician meeting with funders.

Of the book's ten chapters, the fourth on "The Main Force Unit" shows how Kim "loves" businessmen.²⁷ Mainly, it shows how Kim values them, and how, although these people have jobs contrary to socialism, they can contribute to the motherland's prosperity and unification. The central message is that, even though they work in a capitalist country and do business as capitalists themselves, nonetheless Kim Il Sung sees them not as part of the capitalist class, but rather as a main force in the great struggle to achieve "socialist construction" in North Korea. In essence, he gives them an indulgence to be capitalists by giving them a mission to help the mother country get capital. Speaking in May 1973 to a *zainichi* businessmen's group, Kim said: "You are not natural born capitalists. In the process of struggling to survive you happened to become businessmen. So, you can be considered as patriotic businessmen, progressive businessmen working for the motherland."²⁸

²⁷ The term in Korean means "people who work in commerce and industry," but for sake of simplicity I refer to them simply as "businessmen".

²⁸ *Great Leader and Overseas Compatriots* (1992), 109.

Kim repeatedly emphasized that overseas businessmen are not really capitalists, essentially giving them an excuse to be a successful businessmen living in a capitalist country but contributing to socialism. Instead of telling them to return to North Korea, or insist on being socialists in their host country, he told them it was allright to be successful businessmen in their capitalist country, calling them “small businessmen” instead of capitalists, so long as they use their money for the motherland. There is one quotation from Kim Il Sung in November 1973 where he even denies that they are capitalists, using the concept of *minjok*. “We call it middle or small sized business, but what you are doing is opening a small restaurant and preparing food for people with your labor, so in the respect you are not a capitalist. These people are patriotic businessmen who follow *minjok* revolutionary values. So, we should not oppose these people doing middle or small sized business, and we put their sons and daughters in the patriotic line.”²⁹

²⁹ *Great Leader and Overseas Compatriots*, 113.

In another meeting with *zainichi* businessmen, in June 1983, Kim heard that their business was going well, and said, “I like my compatriots in Japan doing business.” The room reportedly went quiet, and, according to the author, Kim looked over the group and continued, “Our country is a country for labor and farmers, but that doesn’t mean we are against businessmen. It only matters if the businessmen are patriotic businessmen or ‘selling out the country’ businessmen. As for patriotic businessmen, the more the better.”³⁰

“Enemies say that every communist is against businessmen. But we communists are not against businessmen...”³¹ Kim continued, “I will clearly explain our party policy again: We are not against businessmen, on the contrary we enthusiastically encourage them... I love the businessmen in Japan the most, because they love their socialist motherland. It never happened before in our history, but the most important thing is that you love your socialist motherland as businessmen.”³²

³⁰ *Great Leader and Overseas Compatriots*, 122.

³¹ *Great Leader and Overseas Compatriots*, 139.

³² *Great Leader and Overseas Compatriots*, 141.

At one meeting in 1986, he even openly declared, “You businessmen have to go to the international stage and make money quicker, and I hope *zainichi* businessmen make lots of money and become big capitalists.” He added, “Our decision to call this business group as the main group³³ inside the *zainichi* movement and main force of the Choson revolution is a very correct policy because you businessmen carried out the struggle for prosperity of the socialist motherland and independent peaceful reunification of the motherland.”³⁴

In November 1975, Kim met with *zainichi* businessmen who had succeeded on a global level, and asked how they had been so successful. He said, “You, my comrade, should develop the pound market...”³⁵ “You, my comrade, don’t try to develop the market in socialist countries, you should do business in the dollar and pound market.”³⁶ Kim offered the embassy and trade representatives as resources for

³³ “Main group” (기본군중), previously known as “core class”, is the highest level in the North Korean social classification system, above “complicated” and “hostile”.

³⁴ *Great Leader and Overseas Compatriots*, 135.

³⁵ *Great Leader and Overseas Compatriots*, 125.

³⁶ *Great Leader and Overseas Compatriots*, 126.

zainichi, but also suggested they sell their products as North Korean. Kim had other meetings in the 1970s with overseas Koreans doing business on a global scale, and promised that embassy staff would help *zainichi* all over the world.

Repeatedly Kim used the *minjok* idea to appeal to diaspora. “You can stay in Japan if you won’t forget your motherland and work for your motherland. But, if you only pursue money and forget about your motherland, that is wrong. Money could come today and disappear tomorrow, and you might not have money today, but you have money tomorrow. But your *minjok* and your motherland—if you lose it once, that is the end.”³⁷ In sum, Kim encouraged them to make money, and gave them an indulgence to be a “big capitalist” while keeping their identity as part of a socialist country—so long as they put their motherland ahead of their money.

³⁷ *Great Leader and Overseas Compatriots*, 108 (May 1973).

Kim Jong Il on the Overseas Opportunity

Like his father, Kim Jong Il also paid attention to overseas businessmen. A significant portion of *The Marshal and Compatriots in Japan* (2008) is devoted to Kim Jong Il's relationship with *zainichi* businessmen, describing them as the “main force unit”. Kim explains, “Businessmen are the most important group within the General Association of Korean Residents in Japan. Now we cannot even talk about projects with overseas Korean public groups without involving the businessmen.”³⁸

“Comrades, you have to understand the deep meaning of why our Dear Leader meets the General Association leadership and businessmen group so often. The leadership of the General Association or businessmen have a rare opportunity to meet the Dear Leder, who is respected by the whole world—and you have an opportunity to meet him frequently and have a photo with him... This is a special privilege and glory only businessmen and General Association leadership receive.”³⁹ Kim Jong Il also made a point of giving preferential treatment to *zainichi* investors—for example, one

³⁸ *Marshal and Compatriots* (2008), 37 (1986).

³⁹ *Marshal and Compatriots*, 45 (1988).

businessman who gave a major gift had a street in central Pyongyang named after him.⁴⁰ Another female businesswoman gave a gift of a bowling alley, and Kim Jong Il specifically ordered that a special plot of land in Pyongyang, which was being saved for a special project, be given to her.⁴¹

Among people who repatriated, the only way to see their families was for them to come visit them in the DPRK. “So far, only children of businessmen group can visit Japan as delegation members to visit Japan from the motherland, but from now this will include children of General Association leadership.”⁴² This was a sign of special treatment, but also how the repatriated became a source of money from Japan (during family visits to the DPRK).

⁴⁰ *Marshal and Compatriots*, 151 (June 1987).

⁴¹ *Marshal and Compatriots*, 154 (January 1990).

⁴² *Marshal and Compatriots*, 244.

Compatriot Businessmen in North Korean Media

An article on “Overseas Korean Businessmen’s Struggle for Prosperity of the Socialist Motherland”, published in 1995 in the academic journal *History and Science*, celebrates the economic contribution of overseas Koreans.⁴³ The contents describe “gifts” from overseas compatriots, as their way to contribute. One gift is a flag made by a businesswoman’s group for the Great Leader’s 60th birthday, then, congratulatory messages from businessmen’s groups all over the world, but eventually we come to the real gifts—a detailed description of factories and industrial facilities built in the DPRK, and joint venture enterprises with overseas Koreans and North Koreans: fabrics, beverages, printing, food, and other joint ventures in light industry. The article details economic contributions in the form of “gifts” given over the previous two decades, all intended to contribute to North Korea’s “socialist” economic development.⁴⁴

The magazine *Chollima*, with over 500 issues since its founding in 1959, is less political in nature than other North Korean publications, including pictures, comics,

⁴³ *History and Science* has been published in Pyongyang since its founding in 1955.

⁴⁴ *History and Science* (1995).

health, etc., and a popular magazine for North Koreans to read on break. A regular feature in *Chollima* is called “Overseas Koreans Say”. One episode about a *zainichi* businessman, published in 1983, is about “the parent’s love for compatriot businessmen,” and tells how Kim Il Sung treated him specially because of his “patriotic business enterprise activities.” Kim even gave him a medal, as the highest honor for North Korean people to receive. Kim explained, “This medal is to honor all compatriot businessmen in Japan.”⁴⁵

There are numerous episodes like this in *Chollima* and *Kumsu kangsan*, another popular magazine, published over the years. For example, in *History and Science* (1996.3), there is an article on political activities such as anti-American struggle for independent unification, yet they specify some participants as overseas businessmen groups, and the title draws attention to the primary role of businessmen.

⁴⁵ *Chollima* (1983).

V. POLICIES TOWARD OVERSEAS COMPATRIOTS IN JAPAN, THE US AND CHINA AND THEIR ECONOMIC SIGNIFICANCE

***ZAINICHI*: THE GLORIOUS PAST**

Founding of Chochongryon in the 1950s

For decades, when North Koreans used the term “overseas compatriots” they primarily meant overseas compatriots in Japan (*zainichi*). By size and influence, Japan had the most important and successful overseas compatriot movement. This *zainichi* group has direct and close connection to the North Korean government, and Kim Jong Il put great emphasis on the organization, General Association of Korean Residents in Japan (*Chochongryon*), and personal guidance on where they should go.

This may be related to Kim Il Sung’s identity as an anti-Japanese partisan leader. The process of Kim Il Sung’s consolidation of power inside North Korea happened simultaneously with the rise to power of the leadership group within

Chochongryon. In the 1950s, when Kim won the power struggle against the Yan'an and Soviet factions, the Korean group in Japan had a power struggle as well, because the Japanese Communist Party had a strong influence over *zainichi* directly after the Second World War. The Communists inside the group enjoyed great influence, but Kim Il Sung accused other groups with influence from China and the USSR as "flunkeys" (*sadaejuyi*), likewise those groups were pushed out of *Chochongryon* as "flunkeyists", while those with direct ties to Kim Il Sung, like Han Dok-su, emerged as the leaders of *Chochongryon*.

Through the process of conflict among different groups, in 1955, the General Association of Korean Residents in Japan was established, and with financial support from Pyongyang for the education initiative, this new organization of *Chochongryon* grasped power within *zainichi* society.

The Great Repatriation of the 1960s

When we look at the history of North Korea's overseas Korean policy, the most important event was the *zainichi* repatriation project. The political goal and achievement of this project was that, after the Korean War, both North and South Korea claimed to be the only legal and legitimate government on the Korean Peninsula. In the midst of this extreme competition between two political groups, the *zainichi* repatriation project gave a huge victory to the North Korean side.

As North Korea rebuilt their own country after the devastation of the Korean War, they were in constant competition with the South. That overseas Koreans from a "capitalist" country gave up their lives there and returned to the socialist motherland meant a victory in the political system competition with the Republic of Korea. To the outside, they could prove the superiority of communism at the height of the Cold War period. Internally, Kim Il Sung assured his people of his ability as a leader after a few years of factional struggle.

The repatriation project had huge political impact, with around 90,000 people moving to North Korea and giving up their lives in Japan, where the economy had boomed after the Korean War.⁴⁶ But the political significance can distract from the important economic motive behind the repatriation project. The North Korean economy in the post-war period depended heavily on labor, due to the lack of resources, technology, and general destruction of industrial facilities and infrastructure during the war. North Korea had to create something from nothing, and labor was the only resource available. This economic background is critical to North Korea's great emphasis on "ideological education" and invention of *juche* philosophy of "man as the center of all things".

On top of the war itself and the loss of able-bodied men to migration south, North Korea's severe lack of labor became worse after 1958 when China withdrew all soldiers in the DPRK—creating a crisis situation for the North Korean leadership. Charles Armstrong explains the importance of Chinese support: "China cancelled

⁴⁶ Morris-Suzuki (2007).

North Korea's debts from the Korean War, and offered the DPRK 800 million yuan in aid for the period 1954 – 57, of which 300 million would come in the first year... But perhaps the most important contribution that China made to North Korea's reconstruction, along with monetary aid and debt cancellation, was the manpower supplied by People's Liberation Army troops which remained in North Korea until 1958. These troops, numbering in the thousands, helped repair roads and rail lines damaged by war and rebuild schools, bridges, tunnels and irrigation dams. In labour-scarce North Korea, the physical assistance of Chinese People's Volunteers was invaluable for the rehabilitation of the war-damaged infrastructure."⁴⁷

By the late 1950s, financial support from other socialist countries like East Germany also came to an end. The lack of labor power, withdrawal of Chinese volunteers, and loss of financial help from "friendly" socialist countries severely impacted the North Korean economy. So, the large group of fresh arrivals from Japan were potential salvation in the context of this lack of labor, especially with the start of

⁴⁷ Armstrong (2005), 164.

the Chollima movement to radically increase production. The *zainichi* group was not just labor—they brought industrial and technological know-how and even machinery, not to mention capital. The money sent from families in Japan became a major source of foreign currency at a time when it was sorely needed. Light industrial products from repatriated *zainichi* or their families were a main source of goods until China took over that role many decades later.

After the Failed Trial Opening to the West

The 1970s marked a dramatic change in economic approach for the DPRK as North Korea attempted large-scale borrowing from Western banks. North Korea's decision in the early 1970s was to solve their economic difficulties by accepting help from Western capitalist countries. Overall, however, the effort to open up to the Western world was a huge failure.⁴⁸ By borrowing money and increasing trade with the West as the next step for their economic development, because of the limitations of the

⁴⁸ Armstrong (2009).

North Korean system, the result was only to add debt on top of everything else.

Virtually all trade stopped due to the debt problems, and *zainichi* were therefore one of the only places to turn. For example, in January 1977, Kim Jong Il released guidelines for general enterprises for *zainichi*, in which he asked Chochongryon to build factories and donate fishery ships, as well as material contribution for construction. Following this guideline, *zainichi* businessmen put up 500 million yen to build a ramen factory. They built over 60 “patriotic factories” from 1977 to 1984, when the Joint Venture law was established.⁴⁹ Up until the mid-1990s, *zainichi* companies actively invested in the DPRK on a large scale.

After the failure of opening to the capitalist world in the 1970s, North Korea got massive help from *zainichi* businessmen’s groups. After the first attempt to open their economy to the capitalist West ended up a failure, and North Korea suffered from an extreme lack of foreign currency, and required the flow of foreign currency without

⁴⁹ Cho (2009), 148.

the burden of paying it back. They survived this crisis by asking help from *zainichi*

economic contribution.

KOREAN-AMERICANS: THE FUTURE THAT STILL HASN'T ARRIVED

Political organizing in 1970s

From the early 1970s, North Korea began to look beyond *zainichi* and pay more attention to other overseas Korean communities, including in Western countries, and even in the “enemy” country of the United States. To some extent, the outreach to overseas Koreans in the West was probably related to North Korea’s new approach of opening their economy to the Western world described above.

One of the first steps was North Korea began recognizing Korean-American groups. As the Korean-American population surpassed 1 million and continued to grow, North Korea tried to create a Chongryon-style organization in the U.S. in the early 1970s (circa 1972-3).⁵⁰ There are not many studies of this effort, which did not get far due to the extremely tense relations between the USA and DPRK. North Korea again strongly emphasized that the movement was coming from overseas Koreans

⁵⁰ Kim Ji Eun (2006), 58.

themselves, and never acknowledged creating these groups, however, it is obvious that North Korea wanted these organizations to emerge.

In 1974, the DPRK for the first time opened a Permanent Mission to the UN, in New York, which made the project considerably easier. The activities of North Korea-linked Korean-American organizations in the 1970s was overwhelmingly political, such as sending letters to Congress to lobby for a withdrawal of US troops from South Korea.

Family visits, tourism and investments from the late 1980s

By the 1980s, there was more economic motivation evident in North Korea's approach to Korean American compatriots. At the 1980 Party Conference, North Korea expressed willingness to cooperate economically with the Western world, but by 1984 Western banks considered North Korea to be in a state of sovereign bankruptcy. Overseas Koreans in the West offered a possible backdoor.

Because many overseas Koreans in the U.S. were originally from South Korea, many of them had an anti-communist education in the South. Therefore, what North Korean did was to try to ease the anti-North sentiment among these groups, and organize groups to visit North Korea—including religious humanitarian groups and so-called “divided families”. Many Korean-Americans had families living in the North before the war, and so North Korea invited them to come visit “home”. The purpose was to make people who might have anti-North Korean sentiment to come visit, and perhaps even invest in the DPRK. In some cases, the expected family reunions never actually occurred. But at a minimum the tour groups themselves were a source of U.S. dollars. Like other in other regions of the world, overseas Koreans businessman group associations were a clear priority.

In fact this strategy of inviting Korean-Americans to come visit had some success, as we can see from the memoir of Kim Chan Ku, who was involved in early visits by Korean Americans in the late 1980s and early 1990s. Kim said that many divided families were interested in making small investments in the DPRK, if possible.

“Through these business investments [in 1989], a small fraction of North Korea’s closed doors have been opened and the number of tourists continued to rise. In addition, a great number of Korean-Americans were reunited with their separated North Korean families. In fact, most of these people had been thinking about small-scale investments with the purpose of frequently meeting their separated families. I was the only person wanting to invest in North Korea despite not having any connections.”⁵¹ Kim also suggests that the organization leaders encouraged investment, even when they did not make any themselves. “Pro-NK Korean Americans say that they have been trying to contribute to the national development. However, in practice they do not even invest into any businesses and they just do propaganda activities like posting banners “Traitor! Kill Him” to Korean president visiting America and Canada.”⁵²

⁵¹ Kim Chan Ku (2007).

⁵² Kim Chan Ku (2006).

Creation of KANCC in 1990s

By the mid-1990s, famine began to destroy the North Korean economy, which hit the bottom, and Pyongyang became more active in seeking solutions from the outside, even the United States. In 1995, a nationwide general association of compatriots, called the Korean American National Coordinating Council (KANCC), was established.

KANCC resembled the Chongryon association in Japan by centralizing the organization of compatriots. Some scholars explain the reason for creating a support organization in the US and the Western world as political in nature.⁵³ But we can also see economic elements. For example, one prominent business owner in the US whose business is directly related to North Korea previously had no connection to the North, but after a visit to the DPRK in 1996 he began exploring business opportunities, which came to fruit in 2000. From the fact that he had no particular tie to the North, we can see how North Korea invited him as a businessman.⁵⁴

⁵³ Jin Hye-kwan (2011) and Cho Jeong Nam (2009),

⁵⁴ Interview in Seoul with business partner, March 2013. Subject requested anonymity.

US Restrictions on Investment in North Korea

The US government tried to prevent these efforts, and Korean-Americans were subject to restrictions on their travel and property when it came to dealings with Communist countries. Thus, the Chongryon-like group in the US was quite weak, especially when compared with Japan. The U.S. government maintained strict sanctions on the DPRK in place since the Korean War. The first significant loosening did not occur until 1999, when President Clinton lifted some restrictions, such as on travel, in return for North Korea's missile moratorium.⁵⁵ But the Treasury Department reversed this more liberal approach in the first term of President George W. Bush. In 2008, Bush removed DPRK from "Trading with the Enemy Act" and State Sponsor of Terrorism list, however, the Obama Administration tightened sanctions again in response to North Korea's satellite and nuclear tests in 2009. Overall, it has remained extremely difficult for U.S. businesses to conduct any kind of economic activity with

⁵⁵ Lee and Choi (2009), 11.

or in the DPRK. As the Congressional Research Service, the in-house think tank of the U.S. Congress, observed: “U.S. exporters are likely to be denied licenses to export any controlled item if North Korea is the destination... Thus, a U.S. company may apply for a license to export to North Korea, but for nearly all items... other than food and medicine, there is a presumption of denial.”⁵⁶ Indeed, the businessman Kim Chan Ku was under the impression that there were special sanctions barring Korean-Americans from investing in the DPRK. He recounts in his memoir that in the early 1990s the U.S. Treasury Department had three rules, which he defied in order to pursue business in North Korea. “1) All Korean-Americans residing in the U.S. (with citizenship or permanent residency) are permitted to travel to North Korea on 1 occasion per year. 2) No more than US\$100 worth of goods possessed or purchased in North Korea can be brought into the country. 3) All Korean-Americans are prohibited from investing in North Korea and are prohibited from arbitrating any businesses for other North Korea advancement. A notice was made which specifically stated that strict penalties would

⁵⁶ Rennack (2011), 5.

be made under U.S. law against any persons who did not comply to the 3 law enforcements. However, I continued with my work.”⁵⁷

⁵⁷ Kim Chan Ku (2007).

CHAOXIANZU: THE DYNAMIC PRESENT

Creating the General Association in the 1990s

As the largest population of Koreans abroad, and living just across their 1,400-kilometer border, *chaoxianzu* (or, “chosonjok”) are an important potential diaspora population for North Korea. However, in contrast to *zainichi*, Kim Il Sung and the DPRK did not give as much attention to them. This may have been partly because the DPRK and PRC were in the same socialist bloc, and even allies, so North Korea could not use the idea of hostility with the host country. Also, *chaoxianzu* belong inside the same socialist bloc, so they were not a top priority in terms of propaganda use. Lastly, it could be a source of conflict with a friendly country if North Korea tried hard to embrace China’s *chaoxianzu* in the category of “common *minjok*”. Of course, the most important factor may have been that *chaoxianzu* lacked the economic resources to attract North Korea’s attention. Actually through the 1980s, the economic situation in China’s northeast was not that much better than North Korea.

These factors began to change in the 1990s, when China “betrayed” North Korea by normalizing relations with South Korea, and as *chaoxianzu* slowly began to accumulate more wealth, a process that would gain even more speed in the 2000s. (Remittances from Japan also peaked in the early 1990s at around \$2 billion, and steadily decreased afterward).⁵⁸

The most significant move by North Korea was founding the General Association of Koreans in China in 1991, at a time when China was moving to normalize with Seoul. Today, the Association has affiliated regional associations in Zhongnan, Yanbian, Jilin, Harbin, Mudanjiang and Jiamusi, and city branches in Beijing, Shenyang, Panjin, Anshan, Fushun, Yanji, Longjing, Helong, Hunchun, Tumen, Tunhua, Baishan, Jixi, Ningan, Hailin, Jiamusi, Tieli and Changbai County.⁵⁹ Also, business groups form the key sub-unit under the General Association, with both a national Korean Businessmen's Association in China as well as regional Korean Businessmen's

⁵⁸ Park Ju-min (2013)-- remittances were down to \$20 million from 2009-2012.

⁵⁹ KCNA (2011/12/29).

Associations for Liaoning Province, Shenyang, and Dandong, plus a Koreans

Association for Economic and Cultural Exchange in Liaoning.

The General Association in China has never caught on and grown like *Chongryon* in Japan—it presently has only 4,000 members. In fact, it appears that the General Association membership is open only to actual DPRK *citizens* who are [temporarily] residing in China, as opposed to ethnic Korean PRC citizens. But, this is merely from North Korea’s attempt to avoid conflict with China (especially when we consider China’s sensitivity to territorial and ethnic minority issues). When North Korea refers to overseas Koreans in China, they always talk about 2 million compatriots—from this we can tell that they include far more than just DPRK citizens temporarily abroad in their definition of Koreans resident in China. Indeed, even just to create the General Association demonstrated a new emphasis on and approach to *chaoxianzu* by North Korea.

General Association Vice-chairman Choe Su Bong explained the purpose of the association on the occasion of its 22nd anniversary in March 2013: “The association

established a regular organizational mechanism and has conducted a dynamic patriotic campaign, a campaign to find out compatriots to rally Koreans in China around the organization. The association has achieved successes in the work for *positively supporting the compatriots in the homeland in their drive to build a thriving nation and accomplish the cause of national reunification.*⁶⁰ Chairwoman Choe Un Bok used a similar phrase a year ago, in a study session on Kim Jong Un's speech about "patriotism." As KCNA reported, "She also called on the officials of the Association and other Koreans in China *to turn out as one in the drive for the prosperity of the country* and its reunification, regarding it as the maxim of their life to love the country and the people."⁶¹

These hints of the economic purpose at work surface from time to time, although the General Association mostly appears in North Korea media in relation to political statements. This year, on the anniversary of Kim Il Sung's birth, Vice-

⁶⁰ KCNA (2013/03/11), "Anniversary of General Association of Koreans in China Marked" [italics added for emphasis].

⁶¹ KCNA (2012/08/10), "Koreans in China Study Kim Jong Un's Work" [italics added for emphasis].

chairman Choe “called on all Koreans in China to get united around the dear respected Marshal Kim Jong Un in one mind and turn out as one in *the drive to glorify the new century of Kim Il Sung's Korea as annuals of prosperity and proud victory.*”⁶² In a letter sent to Kim Jong Un by a General Association delegation visiting Pyongyang for the birthday of Kim Jong Il, they promised that, “All Koreans in China will stage the vigorous patriotic movement and make *sincere efforts for the prosperity of the homeland.*”⁶³ In an earlier letter, immediately after the death of Kim Jong Il, the General Association wrote: “Though Koreans in China live overseas, they will make *tangible contributions* to the patriotic work for further glorifying the homeland, true to the last instructions of Generalissimos Kim Il Sung and Kim Jong Il.”⁶⁴

⁶² KCNA (2013/04/18), “Koreans in China Celebrate Kim Il Sung's Birth Anniversary” [italics added for emphasis].

⁶³ KCNA (2013/02/21), “Letter to Kim Jong Un from Delegation of General Association of Koreans in China” [italics added for emphasis].

⁶⁴ KCNA (2012/12/12), “Letter to Kim Jong Un from Koreans in China”.

Joint Ventures, investments, and Special Economic Zones

Korean Chinese live overwhelming in the provinces of Jilin and Liaoning, bordering North Korea. That area, of China's "northeast", only started to grow rapidly in the 1990s and 2000s. Thus, as *chaoxianzu* got wealthier and North Korea continued to struggle economically, Kim Jong Il began to cultivate *chosonjok* support. It is difficult to find reliable statistics on trade and investment between China and North Korea, however, it appears that *chaoxianzu* play a significant role. According to the research of Drew Thompson, "the majority of Chinese investors in North Korea are not SOEs controlled by the central government, but privately owned companies and provincial, prefecture, and municipal-owned SOEs."⁶⁵ Of 138 investors active from 1997 to 2010, 63% were from Liaoning or Jilin provinces, which looked to North Korea to help the "Revitalize the Northeast" campaign. Thompson observes that "the presence of a large population of Korean-speaking Chinese in these two areas gives them a unique competitive advantage for investing in North Korea. Notably, due to

⁶⁵ Thompson (2011), 52.

international sanctions, this is the only significant population of native Korean speakers abroad who can freely do business with North Korea.”⁶⁶

The largest concentration of ethnic Koreans in China is in the Yanbian prefecture of Jilin Province, where the local businessmen’s group (Yanbian Ethnic Koreans Businessmen’s Society, Chinese 延边朝鲜族企业家协会) has been actively exploring investment opportunities in North Korea’s special economic zone at Rason, and organizing group visits such as occurred in September 2012. Thompson discusses some of Yanbian’s active measures to increase economic linkages between Korean-Chinese and North Korea.

“Jilin’s proximity to North Korea’s east coast has stirred local aspirations to access a ‘port of its own’ in North Korea, giving enterprises access to overseas trade without relying on links to Liaoning or other coastal provinces. In addition, more than 500 kilometers of the China-North Korea border runs through Jilin’s Yanbian Korean Autonomous Prefecture. Yanbian has a

⁶⁶ Thompson.

relatively low level of economic development, although it possesses an important competitive advantage for its dealings with both North and South Korea with its own ethnic Korean population of close to 900,000, many of whom have personal ties to the Korean peninsula. To capitalize on these advantages following China's accession to the WTO, in 2001 the Yanbian prefectural government initiated new efforts to strengthen border trade with North Korea in order to develop a 'foreign-oriented economy.' Border trade was encouraged through duty free allowances for residents living within 20 kilometers of the border and an export processing zone was approved in Yanbian."⁶⁷

Given that Chinese investments and joint ventures represent that majority of cases—by one estimate, 87% of all new JVs from 2004-2011⁶⁸—the key role of *chaoxianzu* in North Korea's economic opening-up becomes apparent. Korean-Chinese executives occasionally appear in North Korean media at the head of company

⁶⁷ Thompson, 25.

⁶⁸ OSC (2012), 7.

delegations, testifying to their emerging economic role, such as Dandong Shengmin Trading managing director Ri Yong Ho, who visited in April 2012 and February 2013, or Heilongjiang Provincial National Economic Development General Company general manager Choe Su Jin, who in December 2011 visited the DPRK Embassy in Beijing for mourning Kim Jong Il (to whom he had sent a pair of white tigers as a gift back in 2004!).⁶⁹

Chaioxianzu are playing a leading role in North Korea's experiments with special economic zones not only at Rason, but also the new planned zones near Dandong-Sinuiju. In December 2011, North Korea announced new joint venture and investment laws to encourage such opening of these zones. In addition, there is constant border trade between North Koreans and *chaioxianzu* that takes place via a number of small customs houses and official border crossings set up especially for *chaioxianzu*.

⁶⁹ KCNA (2011/12/27).

Pak Chol Su and the New Development Strategy

The most high-profile and significant example of the new leading role that *chaoxianzu* are playing in North Korea's latest efforts at opening up their economy can be seen through the figure of Pak Chol Su, an ethnic Korean Chinese citizen born in 1959, graduate of Yanbian University, with an MBA.⁷⁰ In January 2010, North Korea announced that Pak, "a Korean resident in China" (*jaejung dongpo*), had been chosen as president and deputy director-general of the Korea Taepung International Investment Group Ltd. KCNA described the Taepung Group as "an external economic cooperation body [that] will play the role of an economic complex ensuring the induction of investment and finances for the State Development Bank."⁷¹ The Taepung Group was established in September 2006 through the combination of two groups—the Second Economic Committee, responsible for the defense budget, and the Committee for Foreign Economic Cooperation. In October 2007, Taepung helped secure a large

⁷⁰ Thompson, 42.

⁷¹ KCNA (2010/1/20).

investment by the Chinese Tangshan Iron and Steel Group, and arranged for the visit by the New York Philharmonic in February 2008.⁷²

It was later announced that Pak in fact had also been appointed founding deputy director-general of the State Development Bank. The purpose of the new Bank was defined as follows: “Having advanced banking rules and system for transactions with international monetary organizations and commercial banks, the State Development Bank will operate as a comprehensive financial institution making investment in major projects, pursuant to the state policy, and performing the function as a commercial bank.”⁷³

The State Development Bank and Taepung Group, under Korean-Chinese Pak’s leadership, were new institutions designed to attract foreign investment and open up the North Korean economy. North Korea even created a State General Bureau for Economic Development in January 2011, explaining that, “this governmental body will handle all issues arising in implementing state strategy projects for economic

⁷² Daily NK (2010/1/20).

⁷³ KCNA (2010/10/03).

development,” and drafted a "10-Year State Strategy Plan for Economic Development.” The new push to open and develop the economy was placed explicitly under the leadership of Taepung, and thus, Pak Chol Su. “When the above-said strategy plan is fulfilled, the DPRK will emerge not only a full-fledged thriving nation but take a strategic position in Northeast Asia and international economic relations. The DPRK Cabinet entrusted the Korea Taepung International Investment Group with the task to fully implement major projects under the strategic plan.”⁷⁴

The Economic Factors behind Policy Changes

In the late 1950s, North Korea confronted an economic crisis due to the withdrawal of Chinese armed forces that had provided massive help to North Korea’s labor-focused economic system, and the dramatic reduction in aid from the socialist world. In 1958, they started a new economic movement called Chollima for socialist

⁷⁴ KCNA (2011/1/15).

construction, which required labor, and their plan to repatriate *zainichi* fit that plan directly.

The second crisis came in the 1970s. In the early 1970s, South Korea finally surpassed the North economically, and the North decided that their next move for economic development required opening up to capitalism. So they tried to expand their influence in the Western world through creating pro-North Korean groups in the U.S. and Western European countries. But because of their lack of experience and the unsuitability of their economic system, North Korea's first attempt to open to the West quickly failed after a few years. When North Korea could not repay its debts, their trade with the outside world virtually stopped, and again, overseas Korean businessmen in Japan played a key role in helping North Korea through its debt crisis.

Zainichi help continued for decades, but because of the nature of their enterprises, and because of the political change in North Korea-Japan state-to-state relations, the financial contribution of overseas Koreans in Japan reduced greatly over the past two decades. During North Korea's famine in the mid-1990s, North Korea

desperately sought economic relationships with the outside world, and that need
matched with the rising affluence of *chaoxianzu* in China.

From this we can see a pattern of attempts to survive economic crisis by
reaching out to overseas Koreans.

VI. CONCLUSION

Many scholars, and even foreign government officials, demand that North Korea “reform” and “open up”. When they say so it is because they think North Korea has no intention to open their economy. This is understandable given North Korea’s history of unsustainable policies on economic opening—they opened their economy dramatically through the July 1, 2002 measures, but then in 2006 tried to close it again, leading to the 2009 currency redenomination. These policies make it hard to judge if they really want to open or not. But if we believe what North Korea says, they are always changing and always looking for openings.

When China opened their economy to the forces of capitalism, they relied extensively on their overseas compatriots’ ability. Through *huaqiao*, China gained enough time to adjust their economic system to global capitalism, and actively use what *huaqiao* could offer for helping their motherland—namely, their capital, technological and management know-how, and influence in their host countries—

things required to integrate the country into the capitalist system without throwing away their old socialist system.

China and North Korea of course have fundamental differences. The size is incomparable, and the political situation is also different—China started to open only after resolving its conflict with the U.S., and was always much bigger than Taiwan, unlike the gap between North and South Korea and ongoing hostility with the United States. Also, the size and economic ability of *huaqiao* is much greater than the Korean diaspora.

Even though it is often hidden or overlooked, if one looks carefully, North Korea has tried many of the same things China had done to open its economy. In that, North Korea always has an economic motive to overseas compatriots policy, and sometimes it worked. But, considering the current situation in North Korea, it was clearly not successful enough.

There are a few reasons why North Korea's approach to overseas Koreans has not succeeded in economic terms. First, they must give up the reliance on *minjok* as a

reason for economic relations with the motherland. It has to be a mutually beneficial economic relationship, like China and *huaqiao*, not a parent-child relationship based on giving and receiving love and gifts. Of course, there can be many merits to having a business tie to one's mother country or overseas compatriots, but the economic purpose and "profit motive" has to come first.

Second, political and economic sectors should be divided clearly. For example, even in times that China has very bad relations with Taiwan, Taiwanese businessmen could remain active in China. The Chinese government tries hard to keep the political issues separate from the economic relationships. So, no matter how bad the inter-Korean relationship is, North Korea should not do things like closing the Kaesong Industrial Park. In that way they can show potential investors outside that the special situation on the Korean Peninsula will not affect their investment.

Third, framing the relationship between overseas Koreans and their host countries as hostile is unhelpful. China encourages *huaqiao* to have good relations with their host country and to become more influential in local society and culture, and

building their economic relationship with their host country. North Korea cannot use *zainichi* in Japan or Korean-Americans in the US fully because the host country sees pro-North Korean groups as adversarial, even as national security threats. In contrast, *chaoxianzu* in China are increasingly involved in the North Korean economy.

On the other hand, there have been some positive changes in approach in recent years. Perhaps the most significant is the story of North Korea and the Overseas Korean Traders Association (OKTA). Until the 1990s, North Korea's approach to overseas Koreans hid their economic purpose, or wrapped it under patriotic slogans about *minjok*. But a new approach was evident in relationship with the World Federation of Overseas Korean Traders Associations (OKTA), an influential group of overseas Korean businessmen.

North Korea approached OKTA, and in 2004, a large delegation of 168 OKTA members made a five-day visit to Pyongyang, where they held serious discussions about business projects with 86 North Korean companies. It was different than *zainichi*, because there was no expectation of "presents". They treated OKTA as

businessman, but at the same time they were fully aware they were not just foreigners, but also Koreans. So they offered them special “domestic” rates on electricity, as well as a special low labor of 30 dollars/month (40% of Kaesong). Premier Pak Pong Ju promised, “The DPRK government will always welcome the investment by Korean businessmen overseas and offer them every possible convenience and privilege with compatriotic feelings.”⁷⁵

North Korea also prepared a special flight from Pyongyang to Jeju to celebrate the 20th anniversary of OKTA. Of course, they did not forget to treat them as a part of *minjok*. For example, the OKTA group was taken to Paekdu Mountain in order to fulfill the literal meaning of “Paektu to Halla”. In the following year, 2005, OKTA held its annual meeting in Mexico, and a North Korean delegation joined the meeting to discuss further business and investment plans. This was very similar to what the Chinese government did as they opened in the 1980s, by actively embracing *huaqiao* money and business success. North Korea’s trial opening to Western capital in the

⁷⁵ KCNA (2004/4/10), “Message from DPRK Premier Pak Pong Ju to delegation of World Federation of Overseas Korean Traders Associations visiting Pyongyang.”

1970s failed due to a lack of knowledge of how to deal with the Western financial system. When China opened its economy to the outside, they feared it would hurt their socialist economy, so while they opened the door to foreign investment, by using *huaqiao* money as well as knowledge about Western capitalism, they could have a gradual adjustment period. In this sense, North Korea's OKTA initiative seemed to be heading in a promising direction.

Also, North Korea's approach to OKTA was more "businesslike". OKTA members felt some connection as Koreans, but mostly act out of business motives. Rather than emphasize "democratic *minjok* rights", North Korea approached OKTA members as businessmen, but gave them certain preferential treatment not offered to other non-Korean foreigners. So, the OKTA project was successful in attracting interest for business reasons rather than *minjok* identity reasons. It was a good start for a new constructive attitude toward overseas Koreans. In this way, the OKTA case is a meaningful sign of where North Korean policy could go in the future.

This thesis attempted to uncover North Korea's economic motives in its overseas Korean policy, the sources and background of this policy, and the reasons for its failure. *Zainichi* used to help the North Korean economy greatly, but because of the political situation, their role has decreased significantly. Korean-Americans have potential to help with opening to the Western world, but due to political problems with the host country, no achievement has yet emerged. *Chaoxianzu* at present cannot be ignored in any discussion of North Korea's economy, as their role is increasing dramatically along with the boom of their host country, China.

If one looks carefully at North Korea's foreign policy towards those groups, it is evident that in fact the DPRK has a firm will toward opening their economy. However, there are many serious problems to solve in order for the policy to succeed, as we have seen through the contrast with China's more successful mobilization of *huaqiao*. Nonetheless, economic motivation remains a part of the equation for North Korea's future. In a 2010 interview with a *chaoxianzu* vice president of OKTA by a Korean-Chinese newspaper in Heilongjiang province, the official discussed how

Korean-Chinese have become a huge part of OKTA in recent years. When the interviewer asked about solutions to break through the global economic crisis, the vice president suggested the “only virgin land in the world” of North Korea as a source of economic growth and opportunity, for Chinese companies, but also Korean-Chinese companies who understand China, North Korea and South Korea.⁷⁶ Or, in the words of a *chaoxianzu* entrepreneur actively investing in and setting up businesses in the DPRK in recent years: “It’s not that the nation doesn’t want to do it, but rather that it’s the first time.”⁷⁷

This thesis focused on North Korea’s interest in overseas Korean, but currently the economic interest from overseas Koreans toward the DPRK is increasing. How the economic relationship between North Korea and overseas compatriots will evolve, how it will affect the North Korean economy, and how economic change could affect political issues, are topics for future research.

⁷⁶ *Heungryonggang Sinmun* (2013).

⁷⁷ Ruwitch (2013).

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국문초록

Dynamic Efforts for the Prosperity of the Homeland

**A Study of the Economic Dimension to North Korea's
Overseas Compatriots Policy**

박정은

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지난 20년간 경제위기에 시달리고 있는 북한과 그와 반대로 눈부신
경제성장을 하고 있는 중국을 바라보면서 사람들은 의아해 한다. “왜
북한은 중국모델을 따라가지 않는가”.

그러나 이런 일반적인 생각과 달리 북한은 중국 모델-즉 정치체제를 유지하면서 경제발전을 위한 개방을 피하는-을 추구해왔으며 경제상황을 개선하려는 북한의 이러한 노력은 일반적으로 간과되었던 북한의 “국제”관계, 즉 해외동포에 대한 접근법을 살펴보면 알 수 있다.

중국모델에서 “개혁 개방”의 초기 단계에 유일하게 신뢰할 수 있는 “자본가”로서 화교가 얼마나 큰 역할을 담당했는가를 고려했을 때, 경제 발전 계획에 있어서 화교는 매우 중요한 요소였다.

마찬가지로- 중국처럼 성공적이지는 못했으나-, 북한 역시 그들의 “경제 건설”에 해외동포를 끌어들이려 노력했다. 본 논문은 북한이 경제발전과 그를 위한 개방에 도움을 얻고자 세계 곳곳의 해외동포들을 동원하려 어떻게 시도 했으며 실패했는지를 보여주기 위해 북한 해외동포 정책의 숨겨진 경제적 측면을 연구한다.

이를 위해서 북한의 해외동포에 대한 개념을 살펴볼 필요가 있다. 본 논문은 김일성과 김정일 그리고 북한 국영 언론매체가 해외동포를 보는 관점 그리고 그들에게 전하고자하는 메시지를 자세히 살펴본다. 이를

통해 북한의 해외동포에 대한 접근법을 정의할 수 있는 중요 개념으로서 ‘민족’, ‘민족주의 민족권리’, ‘선물’ 이 세가지 단어를 선택하고 이들의 중요성을 설명한다.

북한은 서적과 언론매체등을 통해서 북한 지도자들과 해외동포 사업가들과의 만남을 자세하게 다루므로써 이를 해외동포들에게 그들의 경제적 관심을 전하는 메세지로 사용한다. 본 논문의 제 3 장과 4 장에서는 이 세가지 개념들과 메세지에 대한 심층 분석을 한다.

제 5 장에서는 이 개념들에 대한 좀더 자세한 예를 제시하기 위해 북한의 해외동포 정책의 경제적 측면에 초점을 두고 최근 수십년동안 북한이 실제로 어떤 정책을 발전시켜 왔는가를 알아본다. 이러한 정책의 역사를 통해 북한의 해외동포 정책의 포커스가 초기 재일동포에서 재미동포인구의 증가에 대한 관심으로 또 최근 중국 접경지역 조선족들과의 심화되는 관계로 발전되어가는 것을 볼 수 있다.

결론에서는 북한이 해외동포를 “안전한” 자본으로 이용하려는 노력을 통해 그들의 경제발전과 개방에 대한 노력을 어떻게 이해할 것인가, 왜

북한은 이 의도를 감추려 하는가, 왜 지금까지의 이 노력들이 의도한만큼 성공하지 못했는가하는 질문으로 돌아간다. 또한 중국의 경험을 모델로 북한이 어떻게 하면 해외동포를 “경제건설”을 위한 자원으로써 더 효과적으로 활용할 수 있을지에 대한 제언을 담고 있다.

주요어 : 북한과 해외동포, 북한 국제관계, 북한 경제정책, 재외동포, 중국모델, 민족

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