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# The Rise and Fall of Anti-Corruption in North Korea

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## Abstract

North Korea is widely seen as having among the most corrupt governments in the world. However, the Kim family regime has not always been so accepting of government wrongdoing. Drawing on archival evidence, this study shows that Kim Il-sung saw corruption as a threat to economic development and launched campaigns to curb it throughout the 1950s. I find that these campaigns were at least somewhat successful, and they contributed to post-Korean War reconstruction and rapid development afterwards. So when and why did the regime shift from combating corruption to embracing it? I argue that changes in the country's economic system following the crisis of the 1990s, especially de facto marketization, made corruption more beneficial to the regime both as a source of revenue and as an escape valve for public discontent. This study's findings contribute to our understanding of the politics of corruption control in authoritarian regimes.

**Keywords:** North Korea; corruption; anti-corruption campaign; Kim Il-sung; authoritarian regimes

## Introduction

North Korea is widely seen as having among the most corrupt governments in the world (Corruption Perceptions Index 2018). Corruption—commonly defined as the misuse of public office for private gain—reportedly permeates the North Korean state from the central leadership down to the lowest levels of the bureaucracy and is ubiquitous even in critical sectors, such as the military and the diplomatic corps. For many officials, routine bribe-taking pays the bills; illicit earnings outstrip or even entirely replace government salaries (Park 2015). The country's entrepreneurial class colludes with officials in a variety of illegal or semi-legal arrangements to mobilize state enterprises or resources for private business ventures (Lankov et al. 2017a; Ward, Lankov, and Kim 2019). Moreover, the regime is deeply engaged in illegal money-making activities abroad, including cybercrime, insurance fraud, counterfeiting, and drug trafficking (Chestnut 2007).

However, as this study shows, the North Korean regime has not always been so accepting of corruption. During and after the Korean War (1950–53), founding

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leader Kim Il-sung launched nationwide campaigns to curb bribery and embezzlement. Among other problems, cadres were appropriating state property from factories and other workplaces and then colluding with businesspeople to sell it off. Kim Il-sung was concerned that corruption was undermining his ambitious plans for national development and revealing a lack of discipline in the Korean Workers' Party (KWP). Curbing corruption, he argued, would allow for a more efficient and effective mobilization of resources. His campaigns, modeled on anti-corruption efforts pursued in China by the Chinese Communist Party, involved numerous arrests of party members and other officials, the deployment of special investigation teams, self-criticism sessions, and new regulations and party rules targeting wrongdoing.

My research finds that Kim Il-sung's campaigns helped to control corruption and contributed to the country's rapid post-Korean War recovery and economic development. This conclusion is in line with studies arguing that embezzlement and bribery were relatively limited under Kim Il-sung's system of harsh political and social controls between the 1960s and 1980s (Agov 2010; Kim 2006; Lankov 2015). Some critics might be tempted to see Kim Il-sung's anti-corruption campaigns as simply a way for him to attack political rivals, especially given the factional conflicts that took place in the mid-1950s surrounding the August 1956 Incident. However, an examination of the charges against Kim Il-sung's rivals shows that accusations of corruption did not play a major role, and that there was little overlap with the campaigns.

These historical findings raise an important question: When and why did the North Korean regime shift from combating corruption to allowing it? I argue that this shift occurred after North Korea's economic and political crisis in the 1990s, which caused corruption to boom (Pak et al. 2012; OHCHR 2019). The sudden withdrawal of Soviet aid following the dissolution of the Soviet Union led to an implosion of the North Korean economy. This, in turn, led to a decline in state power and a partial breakdown of societal order. Economic implosion also paved the way for the North Korean Famine (1994–98), which was triggered by massive flooding and droughts. Adding to the instability, Kim Il-sung died in 1994. Predictably, this complex mix of economic, political, and social problems triggered a rapid spread of corruption throughout the 1990s. The Kim family regime survived this crisis, to the surprise of many foreign observers, but it never brought corruption back under control.

The crisis of the 1990s brought fundamental changes to North Korea's economic system that incentivized the regime to accept corruption. Under the state socialist system that had characterized the Kim Il-sung era, corruption was economically detrimental. Rising bribery and embezzlement after the Korean War threatened to undercut Kim Il-sung's mission of rapid state-led development. But during the 1990s, North Korea was forced to shift away from its state socialist model and accept substantial *de facto* marketization. In this new context, corruption often facilitated market activity and generated profits that the regime could capture. Tolerating corruption in a variety of forms became a financial win-win for the regime and for many individual actors involved, including officials, businesspeople, and ordinary citizens. Different forms of corruption have also come to benefit the regime politically by serving as an escape valve for public discontent over its restrictive ideological rules. Kim Il-sung's successors, Kim Jong-il and Kim Jong-un, have launched several anti-

corruption crackdowns since 2000, but these have been superficial or narrowly targeted measures that do not attempt to undo corruption's now deep institutionalization.

The above arguments are based on an examination of corruption and anti-corruption in North Korea across several decades. This study is, to my knowledge, the first English-language study to substantively analyze Kim Il-sung's 1950s anti-corruption campaigns and assess their contributions to the country's economic and political development. To elucidate these campaigns, I explored two archival sources that are mainstays of historical research on North Korea: materials captured by United Nations forces during the Korean War, which are now housed at the US National Archives and Records Administration, and diplomatic documents collected in the Wilson Center Digital Archive. I also examined some North Korean journals and newspapers, following Andre Schmid's suggestion that scholars researching North Korea should make better use of the country's "often forgotten ... literary and domestic media" (Schmid 2018).

Corruption is a debated term in academic literature.<sup>1</sup> While the most common definition involves the misuse of public office for private gain, in this study I follow Joseph Nye's (1967) elaboration of this standard definition. Corruption is "behavior which deviates from the formal duties of a public office (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains; or violates rules against the exercise of certain types of private-regarding influence" (Nye 1967, 419). This definition covers the broad categories of bribery (bribe-giving, bribe-taking, and other transactional acts) and embezzlement (any theft or misappropriation of state assets), as well as other illicit practices such as extortion and fraud. However, this definition does not include forms of cultural or moral decline that are sometimes termed corruption, as Nye makes clear.

This study's findings, in addition to contributing to our knowledge about North Korea, have broader implications for research on authoritarian politics. Firstly, my analysis of the Kim Il-sung era shows that developmental imperatives can motivate even highly authoritarian regimes to enact corruption control. A large body of scholarship highlights autocrats' incentives to engage in corruption and casts doubt on their willingness to meaningfully curb it. Scholars argue that autocrats use corruption not only to enrich themselves, as is well-known, but also as a key tool for rewarding loyalists and amassing political support (Geddes 1999; Bueno de Mesquita et al. 2003; Brownlee 2007; Magaloni 2008; Blaydes 2011; Bueno de Mesquita and Smith 2011; Krastev 2016). Anti-corruption campaigns launched by autocrats are often—correctly—seen as cover for purging rivals and other political maneuvers (Treisman 2002; Lam 2015; Pei 2018). The highly authoritarian North Korean regime might seem to be a case in point, especially given its unchecked corruption in recent decades. However, I show that in the post-war period the regime's drive to rapidly develop the country—a product of both security needs and ideological commitments—incentivized it to undertake substantial anti-corruption efforts. My analysis of this case builds on previous analyses of "developmental dictators" and "illiberal state-builders" in other nondemocracies, some of whom, such as Rwanda's President Paul Kagame, have also prioritized corruption control (Lee 2006; Jones, Soares de Oliveira, and Verhoeven 2013; Guha 2014).

Secondly, my findings about the North Korean regime's shift from combating to allowing corruption after the 1990s suggest that regime type and other structural factors may be insufficient to predict a government's tolerance for corruption. Many scholars have argued that personalist dictatorships—such as North Korea—have higher levels of corruption and worse governance outcomes in other areas compared to party-led regimes, military regimes, and monarchies (Geddes 1999; Ezrow and Frantz 2011; Kailitz 2013; Chang and Golden 2010).<sup>2</sup> Personalist autocrats are even less accountable than other autocrats and often rely heavily on doling out material benefits to narrow and poorly institutionalized coalitions of loyalists (Bueno de Mesquita et al. 2003). Other scholarship finds that authoritarian regimes with quasi-democratic institutions, such as semi-competitive elections or legislatures that allow some opposition party members, have cleaner governments than “fully authoritarian” regimes that lack these institutions (Boix 2003; Blaydes 2011; Yadav and Mukherjee 2016). However, despite these and other arguments, there is wide variation in tolerance for corruption among authoritarian regimes of the same type. As Carothers (2021; *Forthcoming* 2022) notes, while many personalist regimes are deeply corrupt, in a substantial number of cases dictators have led effective anti-corruption efforts. The North Korean case shows how tolerance for corruption can shift dramatically within the same regime following change in the economic system and the regime's financial or political needs. This variability casts doubt not only on the predictive power of regime type but also on culture-based explanations of cross-national variation in corruption.

The analysis in this study proceeds in five steps. First, I discuss how Kim Il-sung faced the problem of post-war corruption and launched anti-corruption campaigns throughout the 1950s. Second, I ask whether these campaigns were a means for the Chairman to attack his political rivals during the factional conflicts of the mid-1950s. Third, I examine the available evidence regarding the campaign's outcomes and how the evidence fits into existing scholarship on corruption in the Kim Il-sung era. Fourth, I explain how the economic and political crisis of the 1990s led to an explosion of corruption. And fifth, I show how since the 2000s the regime has embraced a variety of forms of corruption and has benefitted from corruption's institutionalization.

### **Kim Il-sung's anti-corruption campaigns**

Following the devastation of the Korean War, the North Korean regime prioritized economic recovery and rapid development. As Balazs Szalontai writes, “economic reconstruction was given preference to almost every other consideration, even military service” (Szalontai 2005, 45). The regime used its extensive control over society to mobilize the “entire population for reconstruction work” (Szalontai 2005, 45). The post-war regime pursued development so forcefully both because of its ideological commitment to building a modern socialist state and because continuing inter-Korean competition made development a security imperative. After the war ended without reunification, the contest was on for both Koreas to out-develop their rival state. The North soon pulled ahead of the South—a threatening development for South Koreans that helped justify a coup in Seoul in May 1961.<sup>3</sup>

Yet the regime's development agenda was threatened by corruption, which had grown in the early 1950s as a result of the Korean War. As the conflict dragged on long past Kim Il-sung's initial predictions of swift victory, North Korea suffered economically and party morale faltered, leading to a rise in embezzlement and other forms of corruption and indiscipline. A political knowledge handbook (정치지식) from 1952 captured by United Nations forces reveals what the Chairman wanted to tell his party members and soldiers about the issue. In it, Kim Il-sung is quoted as criticizing the growing trends of misappropriation and misuse of state resources and collusion with "dishonest merchants." He cites the case of a rubber plant in Pyongyang where there had been "manipulation of production statistics and then selling based on those false numbers, stealing from the national finance. ... Many party members in the factory failed to report and criticize this action at the appropriate time," (Chŏngch'i Chisik 1952, 2–9). A report from the Polish Embassy in North Korea from August 1952 noted that:

Two groups of 5 people each, including the deputy to the general prosecutor of the Republic, have been executed by firing squad for theft and squandering of state property, while the general prosecutor was also dismissed and imprisoned. The total amount of losses incurred by the state through the criminal activity of only one of these groups reached 130 million wons [sic] (WCDA 1952a).

North Korean authorities repeatedly asserted that embezzlement and other forms of indiscipline were due to "remnants of Japanese colonial thinking" and "the influence of capitalism," and could undermine the new anti-imperialist and socialist regime (Chŏngch'i Chisik 1952, 9).

In February 1952, Kim Il-sung launched the Anti-Corruption and Anti-Waste Campaign (반탐오, 반낭비투쟁) in the hopes of reversing these troubling trends (US National Archives and Records Administration 1952, Box 1214). This campaign would, he argued, raise the quality of party members, support the war economy, and ultimately help ensure military victory. "In all our institutions," Kim Il-sung claimed, "there will be strict statistics and control ... systematic inspection of expenditures ... and sharp criticism and self-criticism to make the theft, embezzlement, and waste of the people's money impossible" (Chŏngch'i Chisik 1952, 2–9). Kim Il-sung was also concerned about the related problem of bureaucratism, especially bureaucrats acting like small tyrants over their subordinates, which had made the leadership in party and state organs ineffective (US National Archives and Records Administration 1952, Boxes 1211, 1214, 1224). Furthermore, there would be a campaign to raise the "consciousness" of cadres, so that they would "cherish the people's money." If these "immoral" remnants of Japanese thought could not be eliminated, and if "financial regulations cannot be strengthened," then "the war cannot be won" (Chŏngch'i Chisik 1952, 2–9).

The Anti-Corruption and Anti-Waste Campaign was modeled at least in part on China's Three Antis Campaign (三反运动), which the Chinese Communist Party had launched in 1951 to address its own post-war corruption (Teiwes 1978). Kim Il-sung discussed the success of the Three Antis in the rollout of his own campaign (Xu 2000, 260). Moreover, the North Korean campaign often used identically worded

slogans to the Three Antis: “a struggle against corruption, bureaucratism, and waste,” despite the fact that it dropped the “anti-bureaucratism” in its title (US National Archives and Records Administration 1952, Box 1224). As the Polish Embassy in North Korea reported, the campaign was “using the example of the actions (Three-anti and Five-anti campaigns) conducted in the People’s Republic of China” (WCDA 1952a).

Despite the launch of this campaign, wrongdoing by government officials and employees continued to threaten the fragile North Korean economy after the signing of the Korean Armistice Agreement in 1953. Investigations found that theft and waste had lost consumer cooperatives more than 280 million won in the first half of 1954, which was more than half their total profit for the period (WCDA 1955c). Theft and waste also deprived Pyongyang of nearly all its potential income from commission shops, whose employees would rather sell goods on the private market through speculators (WCDA 1955c). At the Tenth KWP Central Committee plenum in April 1955, Kim Il-sung warned that “approximately 1/3 of all resources and materials [are] being wrongly spent and partially looted in all sectors of the state and cooperative economy” (WCDA 1955e). This bleak assessment reflected how keenly aware the party leadership was of that year’s food shortages and other economic problems (Szalontai 2005, 69).

At the 1955 plenum, Kim Il-sung re-launched the Anti-Corruption and Anti-Waste Campaign and also announced the accompanying Self-Confession Campaign (자백운동), which aimed to elicit confessions from officials guilty of misappropriating funds, illicit profit-seeking, and other misdeeds (WCDA 1955a). Kim Il-sung said that the former campaign would be “a mass movement to improve cadre management of businesses and remold thought in the whole nation”—the first such movement after the end of the Korean War (Sin 2008, 215). He called for “the establishment of daily monitoring and strict discipline in the expenditure of financial resources and materials, and a national struggle against theft and embezzlement” (WCDA 1955e).

The Self-Confession Campaign focused on theft of national assets and other “impure activities” during and after the war, especially in the “commercial distribution department and economic institutions” (*North Korea Overview* 1968, 183). The nationwide campaign, which had a wide reach within state organizations, cooperatives, and even the armed forces, was organized through commissions at various levels of the state. The campaign set national standards for punishing embezzlement and other corrupt behaviors—e.g. cadres who embezzled between 50,000 and 300,000 won faced “forced labor work from six months to a year.” However, it was not just the amount of money involved that determined the level of punishment. The state also took into consideration, according to its own instructions for the campaign, any “services [rendered] in the country’s struggle for liberation and freedom,” the guilty party’s actions during national reconstruction, the guilty party’s intentions in committing this crime, and the feelings of the public regarding the guilty party (WCDA 1955a). Both of the anti-corruption campaigns would last for three years and end in August 1958.

In sum, growing corruption during and after the Korean War threatened to undermine the country’s post-war recovery and the regime’s ambitious development plans, leading Kim Il-sung to launch substantial reform campaigns throughout the 1950s.

### Was anti-corruption actually about purging rivals?

Anti-corruption campaigns launched by autocrats are in many cases excuses to purge political rivals or undertake other self-interested maneuvers. Would this be a fair reading of Kim Il-sung's campaigns?

Kim Il-sung's re-launch of his anti-corruption efforts in 1955 overlapped with intense factional struggle for leadership of the KWP between 1955 and 1958. Although Kim Il-sung was already a powerful dictator in the early 1950s, he was not yet the infallible, unquestionable leader that he would later become (WCDA 1955c). To solidify his leadership of the KWP, Kim Il-sung purged hundreds of high-ranking officials between 1955 and 1958, quashing the KWP's Soviet faction, the domestic faction, and the Yan'an (Chinese) faction in favor of his own guerrilla faction. Shen Zhihua and Xia Yafeng argue that Kim Il-sung "was successful in establishing his personal authority over all the factions in the KWP" even before the August 1956 Incident, in which his leadership was challenged, but that "dissenting voices within the KWP were not completely eliminated" (Shen and Xia 2018, 89). At the absolute latest, it is clear that from March 1958 onward Kim Il-sung ruled without challenge (Shen and Xia 2018, 126–127).

Contrary to what one might assume, anti-corruption barely featured in all this factional conflict. Both scholarly accounts and archival documents about the purges surrounding the August 1956 Incident (and also earlier and later purges in the 1950s) overwhelmingly describe the "crimes" these party officials were purged for as being political—criticizing Kim Il-sung, criticizing the cult of personality, cooperating with foreign powers, and so on (Lee and Oh 1968; Person 2019). For example, Szalontai (2005) makes no mention of corruption or charges of corruption in relation to any of the high-profile purges.

Autocrats often use accusations of corruption to justify purging political rivals, but for Kim Il-sung in the late 1950s, this kind of excuse was not necessary. He was openly accusing his rivals of being anti-party factionalists, coup plotters, American-backed spies, or traitors—all much more serious charges than corruption. Former foreign minister Pak Hōnyōng and former secretary of the Central Committee Yi Sūng-yōp were purged on trumped-up charges of being American spies trying to foment a coup (WCDA 1956e; Lee and Oh 1968, 276). Central Committee members Pak Ch'ang-ok and Ch'oe Ch'ang-ik, who led the movement to challenge Kim Il-sung's one-man rule, were repeatedly attacked by the Chairman and his supporters as "anti-party factionalists," and purged explicitly for their political speeches and actions (WCDA 1956f; WCDA 1957a; WCDA 1957c). Former chairman of the KWP Kim Tubong was also accused of being part of this anti-party group (WCDA 1957c). Minister of Trade Yun Kong-hūm was purged for disagreeing with Kim Il-sung, who labeled him and his supporters a "hostile anti-Party faction" and accused them of plotting a takeover (WCDA 1956e; WCDA 1957a; Person 2019). Vice Premier Pak Ui-wan and former minister of the coal industry Yi Songwook were expelled for being "connected to the August group" (WCDA 1958). Trade Union Federation Central Committee Chairman Sō Hwi and Head of Construction Materials Yi P'il-gyu were purged for "anti-party activity" (WCDA 1956b). And former DPRK ambassador to Moscow Yi Sang-jo

was attacked for being “infected by the cult of personality,” meaning that he opposed Kim Il-sung’s leadership, and for illicitly cooperating with Pak Ui-wan (WCDA 1956d; WCDA 1958).

Only a few high-ranking officials were arrested primarily on corruption charges in this period. Kim Yeol, who had earned the nickname “king of swindlers” during his tenure as Chairman of the Party Committee of South Hamgyeong Province, was brought down by criticism from party members shortly after the re-launch of the anti-corruption campaign (WCDA 1955d). Central Committee Member and Minister of Communications Pak Il-U was purged for “anti-party, factional activity” in 1955, but among the charges leveled against Pak by the KWP Central Committee were the theft and misuse of “enormous state resources” (WCDA 1955b).

In sum, while there was a temporal overlap between factional conflict and continuing anti-corruption efforts, the latter should not be written off as an excuse for Kim Il-sung to purge rivals in his political struggles. Kim Il-sung mostly did not use accusations of corruption to attack his rivals, and both anti-corruption investigations and anti-corruption reforms extended far beyond elite factional conflict, as discussed below.

### Anti-corruption Outcomes

The existing evidence suggests that Kim Il-sung’s anti-corruption campaigns were at least somewhat effective at curbing corruption and aided the country’s rapid economic development. The campaigns produced wide-ranging anti-corruption enforcement—investigations and punishments—as well as institutional reforms that tightened the government’s control over officials’ economic activity, winning positive contemporaneous assessments from outside analysts.

After Kim Il-sung launched the first anti-corruption campaign, in February 1952, the Polish Embassy reported to Warsaw in July that without a doubt “the current action of purging the state and economic apparatuses is strengthening them” (WCDA 1952a). A follow-up report in December 1952 noted that North Korea’s state apparatus was “increasingly efficient and effective;” “the leadership of the KWP has to a certain degree purged the state and social apparatuses, and mostly brought them closer to the masses” (WCDA 1952b). The wartime cleanup was particularly effective in Hamheung City, where after numerous discoveries of “mistakes,” “dishonesty,” and “abuses,” all the members of the City Committee of the KWP were dismissed (WCDA 1953).

Anti-corruption enforcement increased after the end of the Korean War. A stunning 22,000 party members were investigated for acts of embezzlement between June 1953 and July 1954 (WCDA 1955c). It is not clear whether this represents a spike in enforcement or simply a lack of information about anti-corruption investigations in subsequent years. In 1955, Anti-Corruption and Anti-Waste Commissions were established at central, provincial, city, and lower levels of government to monitor them. These commissions reportedly sent 6,000 people to do hard labor and disciplined more than 2,000 others for corruption and waste. In Pyongyang alone, some 400 officials lost their jobs or party membership, and some were executed (*North Korea Overview* 1968, 183). “In 1955 more than 70% of all court cases were



connected with the theft, misappropriation, and waste of state and cooperative property, and bribery and squandering of state and cooperative money” (WCDA 1956g).

The Self-Confession Campaign elicited numerous confessions, mostly regarding the theft of state assets. “For example, 12 percent of all the members in a producer’s cooperative of the province of North Hwanghae confessed to theft and squandering” (WCDA 1956g). The North Korean journal *Külloja* (근로자, *Worker*) reported that many people who confessed in the campaign also implicated other low-level officials. In public meetings, supposedly non-coerced participants compelled these officials to confess, even yelling swear words at them and threatening them (*Külloja* 1955b, 5). After confessing, offenders would continue to be watched to prevent recidivism (*Külloja* 1955b, 9). Both this campaign and the Anti-Corruption and Anti-Waste Campaign were accompanied by mass propaganda and lengthy educational meetings of the kind that would have been familiar to people living in Maoist China (NK Chosun 2013).

Beyond increasing anti-corruption enforcement, the regime also undertook various institutional reforms that strengthened its ability to check the emergence of new corrupt activity. In addition to the nationwide network of Anti-Corruption and Anti-Waste Commissions, the government also ordered auditing commissions to be established both at the central level and within cooperatives. Agricultural cooperatives’ auditing commissions were composed of three to five people and met at least quarterly to monitor the cooperative’s finances and prevent “theft and embezzlement” (WCDA 1956c). The regime leadership understood that the state’s ability to function cleanly depended on improving its ability to “study and monitor the staff of state institutions” (WCDA 1956a). By 1955, the KPW recognized that mistakes made in grain collection had allowed officials to steal grain and engage in rampant speculation, and that this was a critical problem for the economy (WCDA 1955f). But the party was able to undertake reforms to reduce theft and speculation, including strengthening government oversight of private trade, according to the Chinese Embassy in North Korea (WCDA 1957b).

In addition, personnel reorganization strengthened anti-corruption organs. After the KWP plenum in April 1955, the Central Anti-Corruption and Anti-Waste Commission was packed with important officials. It was headed by Choe Yong-geon, Minister of Defense and Deputy Chairman of the Cabinet of Ministers, and had as members “the chief of the KWP CC Organization Department, the Minister of State Control, the Minister of Internal Affairs, the Minister of Finance, the General Procurator, the Chairman of the KWP CC Control Commission,” and others (WCDA 1955a). The DPRK “State Control Commission was turned into the Ministry of State Control,” and personnel were reshuffled to put experienced officials at the helm (WCDA 1955a).

Just as Polish intelligence judged North Korea’s anti-corruption measures in 1952 to have been effective, Soviet intelligence on the new measures announced in 1955 assessed them positively. In December 1955, the Soviet ambassador to the DPRK reported back to Moscow that “the steps taken have had a positive influence on strengthening financial discipline, austerity measures, and control over the waste of money and material” (WCDA 1955a). In an overview of the DPRK’s economic situation in June 1960, Soviet analysts noted that North Korea’s successful economic

recovery and rapid development had been aided by successful efforts to rein in various “abuses of administrative authority” by KWP officials (WCDA 1960). Critics might argue that foreign countries friendly to North Korea gave biased assessments of the Kim regime’s policies, but Polish and Soviet diplomats were often critical of domestic policies in North Korea that they disagreed with and had previously reported on the situation of widespread corruption.

The state-run journal *Külloja* discussed anti-corruption work as helpful to national development, while also admitting errors. It reported concrete improvements in economic efficiency as a result of Kim Il-sung’s anti-corruption campaigns, citing the examples of a textile machine factory and a tobacco plant, both in Pyongyang (*Külloja* 1955a, 72–74). It also credited Kim Il-sung’s April 1955 speech with improving leadership quality at all levels in the party and therefore advancing socialist construction and the socialist revolution (*Külloja* 1960). Yet the campaigns did not always run smoothly. The journal noted that although some activists came forward from the masses to support anti-corruption work (as should happen in mass campaigns), many citizens were only passive participants. Sometimes the party organizations were not making the right decisions on leniency versus punishment for offenders, or were not taking the campaigns seriously enough. Moreover, dogmatism and formalism in the teaching of party literature had led to some “lost morale” in the anti-corruption campaign (*Külloja* 1955a, 70).

That these anti-corruption campaigns were effective overall helps explain the finding of several North Korea scholars that corruption was relatively low in the Kim Il-sung era, at least compared to what came after the system broke down. Andrei Lankov explains that, in the 1960s and 1970s, “while personal connections mattered and nepotism was rampant, there was relatively little graft and embezzlement was not commonplace” (Lankov 2015). The Public Distribution System, which was more extensive even than those in other communist countries, made money less useful, and therefore less tempting. Many luxury goods were available to officials of a certain rank but could not otherwise be purchased, decreasing incentives for in-kind bribetaking. North Korean newspapers and journals in this period sometimes discussed the problem of corruption, but this was almost always with reference to South Korea and its corrupt military regime (e.g. Ryu 1967). Certainly, Kim Il-sung and his family abused their positions for financial gain in this period (Martin 2004, 186), but the point is that there were limits on the regime’s tolerance for corruption throughout the state in general (Silberstein 2019). Avram Agov notes that North Korea’s “low level of corruption ... increased the efficiency” of how socialist aid was used (Agov 2010, 31). Kim Sung Chull argues that it was only in the late 1980s that an influx of foreign capital and the growth of black market activity led to a substantial rise in “bureaucratic deviance,” which “typically appeared as corruption, such as bribes and embezzlement” (Kim 2006, 77).

### Systemic Crisis and an Explosion of Corruption

North Korea’s period of relative stability came to an end in the 1990s, when the country suffered a systemic crisis. The loss of critical Soviet aid at the beginning of the decade, as mentioned, triggered the North Korean economy’s implosion. Economic

difficulties led to a weakening of state power and increased social unrest. The Public Distribution System, which had been more important and was responsible for providing a greater variety of goods than in other socialist countries, broke down. Unusually severe flooding and droughts hit North Korea in 1994 and 1995. The North Korean Famine, which began in 1994, reduced the population by 600,000 to 1 million people, or possibly significantly more (Noland 2004). This period of economic suffering and starvation, known in North Korea as the Arduous March (고난의 행군), lasted at least until 1998.

The crisis of the 1990s greatly exacerbated bribery and embezzlement by officials and petty corruption throughout society, whether these actions were motivated by greed or—as in many cases—desperation (Pak et al. 2012, 171). The collapse of the Public Distribution System was a major culprit in motivating embezzlement by any citizens or officials with access to state resources, and the system was never fully reconstituted (OHCHR 2019, 2). Appallingly, North Korea's numerous state employees were still required to show up to work at factories and offices even after the state ceased to be able to pay them. Disillusioned and in need, many began to abuse their positions to earn money instead, demanding bribes for basic services and looting state assets to set up private business ventures. “Public anger is ... typically reflected in growing corruption, black market activities, and other anti-system behavior” (Natsios 1999, 1). In 1998, Kim Jong-il, Supreme Leader following his father's death, admitted to Japanese visitors that corruption at the important Hwanghae Steel Mill (in North Hwanghae Province) had become so extreme that nearly everyone working there was complicit. The army had to be sent to “surround the mill,” after which it arrested the thieves and recovered some of the stolen property (Martin 2004, 573). The government did not revise its anti-corruption laws or punishment standards to reflect the new reality that paying bribes or stealing state resources was often done out of desperation, meaning that there was sometimes vicious enforcement of standards that even North Koreans highly loyal to the regime could no longer meet.

The regime intermittently tried to control the growing indiscipline with new crack-downs and high-profile arrests, but had little success. In 1992, then-heir apparent Kim Jong-il wrote a letter to party cadres warning about the evils of “anti-socialist” behavior, “commercial activity,” and “corrupt activity” (Quoted in Chŏn et al. 2009, 262). The regime launched a large-scale two-year anti-corruption campaign between 1991 and 1993 and pursued investigations into “anti-socialist” activity in localities across the country (Kim 1996, 97; Pak et al. 2012, 172). One crackdown in 1992 targeted “widespread civilian looting” and “extortion of food supplies by government officials” (Quoted in Martin 2004, 834). During the famine, officials could be sentenced to death for stealing or trading grain (Haggard and Noland 2007, 170). The *kŭruppa* (그루빠), special investigatory teams, were often deployed to root out corruption. “A particular target was Kimchaek Iron and Steel [in Chongjin], the largest steelworks in North Korea.” Eventually, “the steelworks’ managers ... were executed by firing squad” (Demick 2010, 184).<sup>4</sup> In the scandal involving perhaps the highest-ranking official, Chairperson of the Kim Il Sung Socialist Youth League and member of the KWP Central Committee Ch’oe Ryonghae was sentenced to death for selling scrap metal “(collected by youth league members) to foreign buyers without official

permission” (*North Korea Leadership Watch* 2018). But Ch’oe was saved by personal connections within the regime’s inner circle. In 1998, authorities also arrested the head of the Rajin-Sonbong Special Development Project (Martin 2004, 641).

### The Regime Embraces Corruption

The 1990s crisis brought about permanent changes in North Korea’s economic system, most notably widespread de facto marketization. This marketization was grassroots-led; unable to rely on the Public Distribution System, households turned to informal markets to barter and trade for food and other necessities. Local party and government units increasingly engaged in illicit commerce and entrepreneurial activity to make ends meet. The regime initially resisted marketization, sometimes with harsh crackdowns, but the state’s control over society had weakened and the economic necessity of marketization was undeniable. The regime formalized its acceptance of at least some of the economic liberalization that had taken place with a set of agricultural and financial reform measures in 2002. Accepting economic change that was already taking place was a way for the regime to impose greater post-hoc control over the process (Noland 2006, 195).

In the country’s increasingly marketized economy, corruption took on a new and often productive role. Whereas in the Kim Il-sung era corruption had siphoned resources away from the state and undercut the regime’s developmental agenda, afterwards it began to facilitate commerce and help generate profits. Recent research on the post-famine economy highlights at least three emerging varieties of corruption in North Korea that have been economically productive. These can be summarized as: the widespread use of bribes by small entrepreneurs to facilitate trade and other market activity, state–business collusion involving large private players, and various forms of illegal and semi-legal integration between state-owned and private enterprises. Since the early 2000s, these varieties of corruption have all become institutionalized and have become regular features of the new North Korean economy. The same is true of the regime’s well-documented criminal activities abroad, which, while not necessarily “productive,” have certainly helped the regime financially.<sup>5</sup>

First and most widespread is the use of bribes to bypass restrictions on trading and other market activity. This fits with the old argument that corruption can help “grease the wheels” of an overly regulated economy (Leys 1965, 215–230). In surveys of recent refugees, “fully 85 percent of respondents reported that they needed to pay bribes to engage in market activity,” Stephan Haggard and Marcus Noland find (Haggard and Noland 2012, 681). Ordinary citizens and small entrepreneurs pay bribes to officials who agree to overlook their illegal or semi-legal businesses, unapproved travel throughout the country, or unsanctioned trade with Chinese companies. The practice of paying bribes as the cost of doing business—essentially as a form of taxation—has become institutionalized, often including with clear rules about how much is expected by what level of official and what service is to be rendered (Silberstein 2010). Many bribes are small and are paid with cigarettes, alcohol, or grains, but for more serious “offenses,” the bribes must be accordingly larger. Hastings and Wang (2018) explores this issue in the context of cross-border trade with China. The article finds that Chinese traders hoping to make formal investments in North

Korea may need to bribe “essentially every official involved in the process: border guards, customs officials, and local and high-level Party, military, and government officials” (Hastings and Wang 2018, 192). In sectors where goods and services had previously been allocated according to political or ideological rules, such as housing, “bribery has become institutionalized in ways akin to the setting of a market price” (Park 2015, 137). Moreover, it is worth noting that in much of this bribery there is a gender dynamic at play. Men dominate positions of power in the state and use them to extract resources from market actors, who are more likely to be women; surveys find that “95% of female traders report paying bribes” (Haggard and Noland 2013).

Second, large private economic actors use corruption to gain access to and protection from the state as they manage their businesses. North Korea’s new class of wealthy private elites, known as “money masters” (*tonju*, 돈주), has a corrupt yet symbiotic relationship with the state. Through connections and relationships, *tonju* gain permission to use state assets to generate profits, with their state partners of course taking a sizeable cut (Kong 2020). State–business collusion may take many forms, such as *tonju* “renting” access to state factories for production, buying official titles that allow them to bypass regulations, investing in and realizing profits from state-owned building projects, or mobilizing private resources to help state-owned enterprises meet their production goals. Chŏng Yŏngch’ŏl argues that recent legislative changes, such as the 2015 amendments to North Korea’s Enterprise Law, show that the regime is trying to further mobilize the *tonju*’s economic power (Chŏng 2019). Given its own financial limitations, the North Korean state has no choice but to increasingly rely on mutually beneficial cooperation with large private actors (Kwŏn 2020). In this process, Kim (2020, 3) highlights how a noticeable number of women have become *tonju* and how these women have sometimes won praise from Kim Jong-un for their individual contributions to the fulfillment of the state’s economic plans.

Third, related and sometimes overlapping with the *tonju*’s collusion with the state, there are varied forms of illegal and semi-legal public-private integration that have facilitated economic activity. Since the early 2000s, there has been a proliferation of “pseudo-state enterprises”: enterprises that on paper are state-owned but in practice are controlled by private interests that take most of the profits (Lankov et al. 2017a). Private entrepreneurs choose to tie themselves to the state in this way because their activities lack a legal framework and they need to protect themselves. Becoming a pseudo-state enterprise also makes it easier for entrepreneurs to hire and manage personnel (Lankov et al. 2017b). The financial cooperation between entrepreneurs and state agents is often sophisticated, with de facto stakeholders, dividends, and sometimes agreements resembling a “management buy-in.” At the same time, “it should not be forgotten that every PSE-operating entrepreneur is technically guilty of large-scale embezzlement as well as a multitude of other ‘economic crimes,’ many punishable with death” (Lankov et al. 2017a, 60). Embezzlement has not always been productive—sometimes it is simply looting—but in many cases diverted state assets become the capital for productive business ventures. Besides pseudo-state enterprises, many other privately managed enterprises fall on a spectrum of embeddedness with the state. Peter Ward, Andrei Lankov, and Kim Ji-young find that enterprises fall into

four rough categories: closely embedded, loosely embedded, semi-autonomous, or autonomous (Ward, Lankov, and Kim 2021). Their study shows the limits of North Korean state power, which is sometimes erroneously seen as absolute. In addition, illegal or semi-legal state–business collusion is also happening within fully state-owned enterprises, such as with the use of “funding squads”—essentially private contractors. State-owned enterprises increasingly rely on funding squads to provide labor and mobilize state assets. Some funding squads work specifically on projects that earn foreign currency for the regime. Entrepreneurs who organize funding squads, including *tonju*, can make large profits and obtain privileges associated with state employment (Kim 2006, 155–60).

These varieties of corruption have been invaluable to the regime financially. Ordinary bribes provided by or extorted from citizens and small entrepreneurs are essential to the livelihoods of many government officials. With nominal wages so low, much of the North Korean bureaucracy might cease to function without this stream of revenue. Anti-corruption inspectors themselves have become bribe-collectors, defectors report (Kim 2013). Even the elite *kŭruppa* had become corrupted by the early 2000s (Pak et al. 2012, 40, 172). *Tonju*-led businesses generate profits that partly fund the regime’s operation and *tonju* investments support the state-run economy. Pseudo-state enterprises and other forms of public–private partnerships allow for the more effective mobilization of state assets. Some state organizations support themselves through control of business activities that would be illegal for others. The Korean People’s Army, for example, earns revenue through the monopolies it holds on certain manufacturing and construction projects, without which it would financially “drown” (*Daily NK* 2015).

Moreover, the institutionalization of various forms of corruption has specifically benefitted North Korea’s “court economy”—the money and goods flowing directly to the personal accounts of members of the ruling Kim family and a small group of other elites. The Kim family’s special privileges are of course not new phenomenon starting in the 1990s, but Kim Jong-il had more extravagant tastes than his father and there is some evidence that luxury imports increased yet again in the early years of the Kim Jong-un era (Kim 2014). John S. Park (2009) explains how the regime’s “hierarchical food chain” demands that new revenue should fund government operations only after a designated percentage goes into the leader’s personal accounts (Park 2009, 9). The money in these accounts goes not only toward luxury goods for top elites, but also toward projects that glorify the Kim family and the regime, such as parades on national holidays, Park notes.

Corruption has helped the regime not only financially, but also politically. Officials able to enrich themselves by abusing their position of power in a regime are not likely to challenge it. Refugee surveys from the 2000s reveal that official positions are greatly sought after in North Korea not because hard work or merit are rewarded but because “public office constitutes an entitlement and increasingly provides a platform for engaging in business or corrupt or criminal rent extraction” (Haggard and Noland 2010, 77). Ordinary citizens hate having to pay bribes to avoid government harassment, of course, but they find the current system much preferable to the government actually enforcing its theoretical bans on capitalist activity. Allowing corrupt practices also reduces discontent among private economic elites. Because wealthy elites can buy

their way out of the strict controls of the North Korean system—including restrictions on where one can live, where one can travel to, what one can own, and what business one can engage in—there is less chance that this potentially powerful class will protest or lobby the government for systemic change. The state demands a portion of *tonju*'s profits from their semi-legal business empires, but allows them to live a luxurious and relatively free lifestyle in North Korea as long as they demonstrate loyalty to the Kim family. On the whole, the spread of corruption has served as an escape valve for anger over oppressive government rather than as a catalyst for public mobilization against the regime, as has sometimes been the case in other countries (Kwön 2020).

After Kim Jong-un came to power in 2011, he seemed to challenge the regime's tolerance for pervasive corruption by ramping up rhetoric about the need to curb government wrongdoing.<sup>6</sup> His administration advanced the slogan of “war against corruption” (부정부패와의 투쟁) and he consistently raises the issue of corruption in his important New Year's addresses. In November 2012, Kim Jong-un instructed prosecutors to “strengthen the legal struggle against the phenomenon of corruption and waste of national assets” (*Minjujosŏn* 2013). Under Kim Jong-un, corruption is more likely to be publicized and discussed in state-run media than previously. In a typical statement, the party mouthpiece *Rodong Sinmun* argued in an editorial in 2018 that “abuses of authority, bureaucratism, and corruption are totally unacceptable enemies to our party, which as the mother-party responsible for and watching over the fate of the people struggles to maintain its original nature and shine” (*Rodong Sinmun* 2018). At the Eighth Party Congress in January 2021, Kim Jong-un reiterated that “abuse of power” was a problem within the KPW at all levels and placed the topic at the top of the agenda for one of the congress's plenary session (Zwirko 2021).

However, there is little evidence that Kim Jong-un has gone beyond anti-corruption rhetoric and launched a serious campaign to reverse the growth of corruption described above. Whereas Kim Il-sung's campaigns in the 1950s involved institutional reforms aimed at disincentivizing wrongdoing, the Kim Jong-un administration has failed to enact reforms that would reduce incentives for officials to take bribes or extort citizens, prevent state–business collusion, or set transparent standards for the informal arrangements that have sprung up between state-owned and private enterprises. In fact, his administration has taken steps to encourage *tonju* investment in the state-owned economy in return for special privileges. *Tonju* have only grown more important to state enterprises and planning under Kim Jong-un (Park et al. 2018, 28). Moreover, the Kim Jong-un administration's crackdowns on corruption have been much more narrowly targeted than Kim Il-sung's were. For example, a crackdown that began in late 2018 resulted in the purge of “some 50 to 70 individuals” (Jeong and Martin 2019). The goal of the crackdown was likely to confiscate assets from wealthy elites who had been accumulating foreign currency—the regime may have netted several million dollars—and to silence critics of Kim Jong-un's diplomatic opening to the US, according to the Seoul-based North Korea Strategy Center (Jeong and Martin 2019). Sometimes the targets are individual elites. During the highly public purge and execution of Jang Song-thaek, Kim Jong-un's uncle-in-law, one of the accusations that the regime leveled was that Jang had allegedly spent “4.6 million Euros” in a “foreign casino” (*Minjujosŏn* 2013). More recently, early 2020 saw two high-profile cases: the purges of Director of the Organization and

Guidance Department and KPW Vice Chairman Ri Man'gön and Pak T'aedök, also a KPW Vice Chairman, for corruption and other abuses of power. Intermittent crackdowns aimed at individuals or small groups of elites suggest that so far Kim Jong-un is primarily concerned with keeping elites in line rather than bringing about systemic reform.

In sum, in the context of North Korea's increasing marketization in the late 1990s and 2000s, various forms of corruption helped facilitate market activity and generate profits. After some initial resistance, the regime accepted the spread of corruption as economically and politically necessary. The Kim Jong-un administration has repeatedly promised to crack down on corruption, but there is little evidence that the regime has made any serious attempt to dismantle the pervasive corrupt arrangements that it has come to rely on.

## Conclusion

A perennial question in the study of North Korea is how the regime has endured and remained stable, especially after the systemic crisis of the 1990s. This article's findings suggest that the regime's strategic use of corruption and anti-corruption is one often overlooked factor that helps explain its durability through crises. Early on, combating corruption helped the regime to overcome the economic difficulties that resulted from the Korean War and threatened to hobble North Korea in the critical post-war decade. Kim Il-sung's Anti-Corruption and Anti-Waste Campaign and Self-Confession Campaign prevented or reversed large-scale theft from the state by corrupt actors. By contributing to the country's post-war reconstruction and rapid development, anti-corruption efforts indirectly aided the regime's construction of the powerful state apparatus that would enforce a harsh domestic stability throughout the Kim Il-sung era. After the crisis of the 1990s, reversing course and allowing corruption helped the regime to stay afloat both financially and politically. As the incidence of corruption increased amidst an unprecedented economic collapse, the Kim Jong-il administration initially tried to use harsh anti-corruption crackdowns to restore order and stem the looting of state resources. But the regime soon found that the country's economic system had undergone irreversible changes and that in an increasingly marketized economy corruption actually served to generate capturable profits. Since 2000, the regime leadership has used targeted anti-corruption crackdowns to keep wealthy elites in check and purge political rivals while continuing to tolerate a wide range of nominally illegal capitalist practices by officials, businesspeople, and ordinary citizens.

Considered from a comparative perspective, North Korea's trajectory on the issue of corruption is unusual, but it also has points of similarity with other authoritarian cases. South Korea is often a natural comparative case for North Korea, and indeed Kim Il-sung's anti-corruption efforts were not entirely dissimilar from the campaigns launched by Park Chung-hee in the 1960s and 1970s, such as the General Administrative Reform (서정쇄신, 1973–77). Like Kim Il-sung, Park was also motivated to curb corruption by the need to support an ambitious developmental agenda, although a capitalist one (Carothers [Forthcoming](#) 2022). The boom of corruption in North Korea in the 1990s was extreme, but also similar to the rapid spread of



embezzlement and bribe-taking in Cuba in the 1990s following the devastating reduction of Soviet aid there. Revolutionary leader Fidel Castro had initially brought corruption under control in the 1960s, but abuses of power expanded in the 1980s and exploded in the 1990s (See Thomas 1971, 1344; Domínguez 1978, 230). China under the Chinese Communist Party, North Korea's closest foreign partner and a major influence, is another regime which has at different times combated and tolerated corruption to advance its interests and maintain its rule. In the 1980s, Deng Xiaoping largely accepted that corruption would increase as a side effect of China's economic liberalization. Much of the corruption in the early reform era was economically productive and, from Deng's perspective, gave local officials the right incentives to support further reforms (Kroeber 2016, 207; Ang 2020). Xi Jinping's anti-corruption campaign, which began in 2012 and is still ongoing, represents the most serious effort in decades to eliminate China's pervasive corruption.

Looking to the future, is the North Korean regime likely to undertake reforms to bring corruption under control? For various reasons, the prospects are slim. If we take Xi Jinping's sweeping campaign as a point of comparison, there are few signs that Kim Jong-un is launching a comparable campaign in North Korea, despite his heightened anti-corruption rhetoric in recent years. One reason is that North Korea has become an economic underperformer heavily reliant on illicit revenue streams and bribes funneled upwards from officials. In this regard, the regime is more similar to underperforming regimes in Turkmenistan, Zimbabwe, or Afghanistan, which Sarah Chayes has characterized as a "vertically integrated criminal syndicate" (Chayes 2015, 58). Moreover, waging an effective anti-corruption campaign requires a certain level of state capacity. Whereas the Chinese state has over the last few decades steadily grown richer, more professional, and more adept at using modern technology, North Korean state power was weakened by the crisis of the 1990s and continues to lag behind in its development in numerous areas. Perhaps most importantly, changing deeply entrenched norms of corruption requires a certain amount of disruption and upheaval. Kim Jong-un has led significant economic reforms since 2012, but he has also moved cautiously and incrementally; even the concept of "reform" is too provocative for the regime to openly embrace. In sum, corruption is likely to continue unchecked in North Korea at least until some future crisis or transformative moment for the regime and society.

**Conflicts of Interest.** The author declares none.

## Notes

1. See Heidenheimer and Johnston (2002, 15–94) for a review of different definitions and uses.
2. The degree of personalism in North Korea has varied over time, but as Song and Wright (2018) show, the regime was already highly personalist before the sharp rise in corruption in the 1990s.
3. Most expert assessments place the moment the South passed the North economically in the mid-1970s, e.g. Shen and Xia (2012), but Andrei Lankov has argued that it was actually earlier, around 1970 (Lankov 2018).
4. Demick argues that the highly unusual dissolution of the 6th corps of the People's Army in 1995 was most probably not because it had attempted a coup against the Kim family but because its officers were too corrupt, skimming too much money off for themselves (Demick 2010, 183).
5. See Kan, Bechtol, and Collins (2010) for an overview.

6. Kim Jong-un has started using the word for corruption that is most commonly used in South Korea, *pup'ae*, which was not previously how most North Korean authorities had referred to the problem. This linguistic change reflects the growing influence of outside ideas on how North Koreans understand political and economic issues. Source: Author's interviews with South Korean experts on North Korea, January 2019.

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